# **FURTHER EDUCATION & TRAINING PHASE (FET) ACCOUNTING SBA EXEMPLAR BOOKLET CRADES 10 - 12**



basic education Department: Basic Education REPUBLIC OF SOUTH AFRICA





# FOREWORD



The Department of Basic Education has pleasure in releasing a subject exemplar booklet for School Based Assessment (SBA) to assist and guide teachers with the setting and development of standardised SBA tasks and assessment tools. The SBA booklets have been written by teams of subject specialists to assist teachers to adapt teaching and learning methods to improve learner performance and the quality and management of SBA.

The primary purpose of this SBA exemplar booklet is to improve the quality of teaching and assessment (both formal and informal) as well as the learner's process of learning and understanding of the subject content. Assessment of and for learning is an ongoing process that develops from the interaction of teaching, learning and assessment. To improve learner performance, assessment needs to support and drive focused, effective teaching.

School Based Assessment forms an integral part of teaching and learning, its value as a yardstick of effective quality learning and teaching is firmly recognised. Through assessment, the needs of the learner are not only diagnosed for remediation, but it also assists to improve the quality of teaching and learning. The information provided through quality assessment is therefore valuable for teacher planning as part of improving learning outcomes.

Assessment tasks should be designed with care to cover the prescribed content and skills of the subject as well as include the correct range of cognitive demand and levels of difficulty. For fair assessment practice, the teacher must ensure that the learner understands the content and has been exposed to extensive informal assessment opportunities before doing a formal assessment activity.

The exemplar tasks contained in this booklet, developed to the best standard in the subject, is aimed to illustrate best practices in terms of setting formal and informal assessment. Teachers are encouraged to use the exemplar tasks as models to set their own formal and informal assessment activities.

MR'HM MWELI DIRECTOR-GENERAL DATE: 13/09/2017

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#### Research and presentation on an informal business/bookkeeping

#### Focus of assessment task:

- Conducting an interview using the given questionnaire
- Oral or written presentation on informal business and its bookkeeping systems

In this task learners are required to experience what an informal business is all about and how it differs from the formal business.

The oral or written option is given to accommodate learners with different backgrounds and capabilities.

#### **General instructions**

- You need to work on your own to complete this presentation.
- Due to the nature of the task, the interview and the questionnaire will be completed after school hours and the presentation/report in class.
- Phase 1: Interview and questionnaire completed Due date: .....
   Phase 2: Compiling a rough draft/planning of presentation/written
   report.
   Due date: .....
  - Phase 3: Submitting the final presentation/report. Due date: .....
- An oral presentation must be supported by a hard copy of the presentation e.g. a PowerPoint printout or a poster.
- Refer to the rubric for specific criteria and mark allocation.

Learners must work individually and submit their own presentation.

Please take note of the last item on the rubric ('Final presentation'), which caters for EITHER a written OR an oral presentation. Do not complete both items.

# 1. Conduct an interview

- Identify someone in your community who operates a small informal business, such as a street vendor/pavement stall or who sells goods from home.
- This person must be involved in buying and selling goods.
- Make an appointment with this person and explain the aim of your visit.
- Use the questionnaire given to gather information for your written and oral presentation. You may add questions to the given questionnaire.

# 2. Prepare a written or an oral presentation on the informal business that you researched

Ensure that your presentation is interesting and easy to follow by including the following information:

# 2.1 An introduction: A brief background to the business

- Where does the business operate?
- Who owns the business and why did they start the business?
- How much capital did they originally invest in the business and where did they obtain the funds needed?

# 2.2 How they manage their stock

- What goods do they sell?
- How do they determine where to buy them from?
- What systems have they put in place to protect their stock from theft and loss due to damage?
- How do they decide at what price to sell their stock?

# 2.3 Bookkeeping systems

- How do they record their cash sales and other money received?
- How do they record their cash purchases?
- What source documents are used, if any? (If possible, include an example)
- Do they buy and sell on credit, and if so, how do they keep record of these transactions?
- How do they calculate their profit and loss?

# 2.4. How they manage their assets

- Do they own any assets, and if so, what systems have they put in place to protect assets from theft and loss due to damage?
- Do they keep a record of assets they own and how much they are worth?

# 2.5 Labour costs

- Do they employ other people?
- How do they determine how much to pay them?
- How do they keep a record of how much they pay in wages?

# 2.6 **Competitors and other problems or challenges**

- If there are competitors; who are they and how does the person handle the situation?
- What are the biggest problems / challenges for the business (such as safety) and how does the person handle them?
- Any other interesting facts.

# 2.7 Conclusion

- 2.7.1 Use the above information to list the differences between your informal business and a formal business. This may be in a tabular format.
- 2.7.2 Give advice to the owner to address the challenges mentioned in 3.6 above.

Your presentation will be assessed according to the criteria in the rubric.

# QUESTIONNAIRE

NAME of learner:

|--|

2. What motivated you to start your business?

3. Where did you get the money to start the business?

4. What different types of stock do you sell?

5. Where do you buy your stock?

6. Why do you choose that supplier or those suppliers?

7. How often do you buy stock?

8. How do you decide how much to charge for your stock?

9. Who is your target market?

10. How do you keep record of your purchases and sales?

11. Do you employ someone to assist you in the business?

12. How do you decide how much to pay your employee or employees?

13. What are your other business expenses?

14. How do you keep a record of all your expenses?

15. How do you know if you made a profit and when do you calculate it?

16. Who are you competitors in the market?

17. How do you differentiate your business from your competitors?

18. What assets does your business have and what systems have you put in place to protect them from theft or loss?

19. Do you have to pay to use this site?

20. Write down any other interesting facts that were mentioned during the interview.

Other questions...

# ACCOUNTING GRADE 10 PRESENTATION: TERM 1 RUBRIC FOR ASSESSMENT OF PRESENTATION MARKS: 50

# Name of learner:.....

Name of school: .....

Criteria	Allocated mark			Learner's mark	
	6	4-5	3	0 – 2	
1. Evidence of Interview	All questions sufficiently answered	15+ questions sufficiently answered	10+ questions sufficiently answered	5+ questions answered. No evidence	
	5	3-4	2	0-1	
2.1 Introduction (Background of the business)	Excellent/interesting/ all information provided (3 aspects)	Good/most information covered (2 aspects)	Average/some information not covered (1 aspect)	No/weak attempt	
	7-8	4 - 6	2-3	0-1	
2.2 Buying and controlling stock/Details of services rendered	Excellent/interesting/ all information provided (4 aspects)	Good/most information covered (2 or 3 aspects)	Average/some information not covered (1 aspect)	No/weak attempt	
	7-8	4 - 6	2-3	0-1	
2.3 Bookkeeping systems	Excellent/interesting/ all information provided (5 aspects)	Good/most information covered (3 or 4 aspects)	Average/some information not covered (1 or 2 aspects)	No/weak attempt	
	4	3	2	0-1	
2.4 Managing assets	Excellent/interesting/all information provided (2 aspects)	Good/most information covered (1 aspect)	Average/some information not covered (1 aspect)	No/weak attempt	
	4	3	2	0-1	
2.5 Labour costs	Excellent/interesting/all information provided (3 aspects)	Good/most information covered (2 aspects)	Average/some information not covered (1 aspect)	No/weak attempt	

	4	3	2
2.6 Competitors and other problems or challenges	Excellent/ interesting/ all information provided (3 aspects)	Good/most information covered (2 aspects)	Average/some information not covered (1 aspect)
	5	3 - 4	2
2.7.1 Conclusion (comparison)	Excellent comparison (Min 4 aspects)	Clear comparison (Min 3 aspects)	Comparison included (Min 2 aspects)
		3	2
2.7.2 Conclusion (advice)		Excellent/ Meaningful advice related to identified challenges (Min 3 aspects)	Some advice / Not all related to challenges (Min 2 aspects)
	5-6	4	2 - 3
* Final presentation (Written report only) with cover page, index, page numbers, illustrations, etc.	Excellent presentation with all aspects included (Min 4 aspects)	Good presentation with most aspects included (Min 3 aspects)	Average presentation (Min 2 aspects)
	5-6	4	2 - 3
* Final presentation (Oral presentation with hard copy)	Excellent presentation with confidence. All supporting evidence submitted	Good presentation. Some supporting evidence submitted.	Average presentation. Supporting evidence lacking.
Total marks	50		

# \*NOTE:

Only complete ONE of these options for a maximum of 5 marks for the final presentation.

# ACCOUNTING PROJECT FOR TERM 2

# GRADE 10

TOPIC: Bookkeeping of a Sole Trader

TIME ALLOCATED: 4 HOURS

**TOTAL MARKS: 50** 

# INSTRUCTIONS AND INFORMATION

#### **INSTRUCTIONS TO TEACHER:**

- The teacher should have covered all journals before giving the task to the learners since the learners have done research on informal bookkeeping.
- The teacher must discuss the criteria used to assess the project with the learners.
- Learners should be provided with answer books on the date of the administration of this project.
- The project must be administered under the supervision of the teacher.

#### INFORMATION

Nadal Furnishers was established by Rafael Nadal. The business trades in furniture and electrical equipment and is situated at 44 Main Road, Hilton. Nadal Furnishers calculate their selling prices by adding 25% to cost.

You have been appointed as the bookkeeper of Nadal Furnishers. The previous bookkeeper left at the end of the month without completing the subsidiary books for September 2015. You were presented with the source documents.

# **REQUIRED**:

#### 1. BOOKKEEPING

Complete the subsidiary journals, post to the General Ledger (only selected accounts), Debtors Ledger and Creditors Ledger and properly balance the Balance Sheet accounts.

#### 2. ETHICS

It was alleged in the newspaper that the bookkeeper was paid a bribe of R10 000. She was arrested and charged with fraud, corruption and money laundering related to dodgy tenders awarded to Rafael Nadal for providing furniture to schools.

2.1.1 What is meant by the word 'bribe' and 'tender'? (4)

2.1.2 Name ONE crime that the bookkeeper is accused of. (2)

## 3. INTERNAL CONTROL

WHEN CHECKING THE DEBTORS' RECORDS, the owner picked up that:

- There are more creditors' sales compared to cash receipts from debtors.
- That the General Journal reflects an increase in interest charged on debtors' accounts.

As a person who understands the importance of internal control:

- 3.1 What do you think is the cause of the two scenarios mentioned above?
- 3.2 What actions/remedies can you suggest to the owner? Suggest TWO. (2)

(2)

NAME OF LEARNER	
NAME OF SCHOOL	

# ASSESSMENT RUBRIC

AS	ASSESSMENT CRITERIA 1				
Со	mpleteness of work	2 marks (fully done), 0 mark (not done except for criteria 1)	Total mark obtained	Learner's mark obtained	
1.	Recorded information from the source documents in the subsidiary journals	2			
2.	Dates recorded in subsidiary journals	1	-		
3.	Recorded source documents in the subsidiary ledgers	1	-		
4.	Dates and codes recorded in the subsidiary ledgers	1	10		
5.	Folio references in subsidiary journals for posting	1	-		
6.	Folio references in the ledger accounts	1			
7.	Source documents' numbers in subsidiary journals	1	-		
8.	Subsidiary journals closed off on the last day of the month	1			
9.	Balancing of the balance sheet accounts in the ledger on the last day of the month	1			

ASSESSMENT CRITERIA 2	SCORE		Mark obtained
Accuracy of entries in the subsidiary journals, ledgers, general journal and list of debtors and creditors	150		
Internal control and ethics	10		
	150+10=160/4	40	

Criteria 1 Total	Criteria 2 Total	Total mark obtained
10	40	50

# TRIAL BALANCE OF NADAL FURNISHERS ON 31 AUGUST 2015

	Fol.	DEBIT	CREDIT
Balance Sheet Accounts Section			
Capital	B1		550 000
Drawings	B2	68 220	
Land and buildings	B3	210 000	
Vehicles	B4	150 400	
Equipment	B5	95 407	
Trading inventory	B6	88 012	
Debtors control	B7	20 226	
Bank	B8	500	
Cash float	B9	1 000	
Petty cash	B10	300	
Creditors control	B11		12 684
Fixed deposit: Protea Bank	B12	45 000	
Nominal Accounts Section			
Sales	N1		931 415
Cost of sales	N2	745 012	
Debtors allowances	N3	150	
Telephone	N4	3 408	
Rent income	N5		36 000
Interest on fixed deposit	N6		3 300
Insurance	N7	3 300	
Bank charges	N8	2 246	
Bad debts	N9	960	
Bad debts recovered	N10		210
Discount allowed	N11	1 287	
Discount received	N12		100
Interest on bank overdraft	N13	200	
Interest on current bank account	N14		368
Interest received	N15		382
Advertising	N16	1 316	
Salaries	N17	64 648	
Wages	N18	20 091	
Stationery	N19	430	
Water and electricity	N20	6 374	
Rates	N21	5 972	
		1 534 459	1 534 459

### List of debtors on 31 August 2015

	DEBIT	CREDIT
M. Khan	5 520	
N. Palm	1 266	
J. Patedi	2 940	
	9 726	

# List of creditors on 31 August 2015

	DEBIT	CREDIT
Nduma Wholesalers		3 978
Tshefu Distributors		5 100
	-	9 078

#### SOURCE DOCUMENTS

#### CASH INVOICES AND CREDIT INVOICES RECEIVED SORTED IN DATE ORDER

	INVOICE						
			N	o. 697			
			78 Rina Cr	escent			
			Hilto	n 3245			
		16	S Sontombo	r 2015			
	-urpichero		Septembe	1 2015			
IO. Nadal F	-umsners						
44 Mai	n Road						
Hilton	3245						
Bought from: TSHEFU DISTRIBUTORS							
Quantity	Description	Price	Amou	nt			
20	Heaters	R144	2 880	00			
20	Toasters	R56	1 120	00			
10	Microwave ovens	R1 920	19 200	00			
	Packing materials		2 420	00			
			?				
E. & O.E.	E. & O.E.						

		INVOICE			
			108 Bird <b>25</b>	N Street Hilto Septembe	lo. 844 n 3245 r 2015
To:	Nadal Furnishers 44 Main Road Hilton 3245				
		Daily post			
Adve	rtising campaign			2 160	00
E. &	0.E.				

	INVOICE			
			N	o. 688
			34 Colley A	venue
			Hilto	n 3245
		30	Septembe	r 2015
To: Nadal Furnishers				
44 Mair	n Road			
Hilton 3245				
Bought from:	NDUNA	WHOLESALE	RS	
Quantity	Description	Price	Amount	
2	Lounge suites	R6 080	12 160	00
1	Laptop computer for office use	R9 620	9 620	00
			21 780	00
E. & O.E.				

#### **CREDIT INVOICES ISSUED**

			INVOICE			
					N	0.512
					44 Main	Road
					Hilton	3245
				0	Contombor	2045
				9	September	2015
TO: I	Io: M. Khan					
1	160 Second Avenue					
ŀŀ	Hilton 32	245				
Bough	t from:		NADA	L FURNISHERS	ì	
Quant	ity	Description		Price	An	nount
1		Lounge suite		R7 600	7 600	00
2		Mattresses		R1 250	2 500	00
					10 100	00
E. & O.E.						

INVOICE No. 513 44 Main Road Hilton 3245 To: J. Patedi 78 Grace Crescent Hilton 3245				
Bought from:	NADA	L FURNISHERS	6	
Quantity	Description	Price	Amount	
1	Lounge suite	R7 600	7 600	00
1	Bedroom suite	R9 000	9 000	00
1	Fridge	R3 625	3 625	00
2	Television sets	R3 600	7 200	00
?				
E. & O.E.	·			

		INVOICE			
				N	o.514
				44 Main	Road
				Hilton	3245
			30 S	eptember 2	2015
To: M. Khan	To: M. Khan				
160 Sec	ond Avenue				
Hilton 32	245				
Bought from:			NADAL FURN	ISHERS	
Quantity	Description		Price	Amount	
1	Sofa		R2 400	2 400	00
E. & O.E.					

	INVOICE				
				Ν	o. 515
				44 Main	Road
	Hilton 324			า 3245	
			30	September	r 2015
To: J. Patedi	To: J. Patedi				
78 Grace	Crescent				
Hilton 32	45				
Bought from:		NAD	AL FU	RNISHERS	
Quantity	Description	Price		Amount	
3	Stools		R500	R1 500	00
1	Vacuum cleaner		R790	790	00
				2 290	00

# **CREDIT NOTES**

		CREDIT NOTE			
No.75	No.75				
				44 Main	Road
				Hilton	3245
16 September 2015			2015		
To: J. Pated	i			•	
78 Grace Cres	scent				
Hilton 3245					
Credited by:			NADAL FURNIS	HERS	
Quantity	Description		Price	Amount	
1	Television set		R3 600	3 600	00
E.& O.E					

		CREDIT NOTE			
No.77					
44 Main Ro			Road		
				Hilton	3245
25 September 201			<sup>.</sup> 2015		
To: M. Kha	in				
160 Second	Avenue				
Hilton 3245					
Credited by: NADAL FURNISHERS					
Quantity	Description		Price	Amount	
1	Mattress		R1 250	1 250	00
E.& O.E					

# DEBIT NOTE

		ſF				
No 63	No 62					
140.03			44 Main	Road		
			Hilton	32/15		
28 September 2015						
Zo September 2015						
	Post					
108 Bed Str	eet					
Hilton 3245						
Debited by:		NADAL FU	RNISHERS			
Quantity	Description	Price	Amount			
	Advertising campaign not		510	00		
	according to agreement					
E.& O.E		I				

# CHEQUE COUNTERFOILS

1 September 2015	3 September 2015
To: Nduna	To: Tambo Stationers
Wholesalers	
For: Trading inv.	For: Stationery
R9 600	
Equipment R6 900	
Bal	Bal
Dep	Dep
Total	Total
Cheq. R16 500,00	Cheq. R1 080,00
234	236

6 September 2015 To: Tshefu Distributors	6 September 2015 To: Cash	30 September 2015 To: J. Cox
For: On account	For: Wages	For: Salary
Discount R306		Bal
Bal	Bal	Den
Dep	Dep	Total
Total	Total	
Cheg. R4 794.00	Cheg. R2 448.00	Cneq. R5 800,00
237	238	250
RECEIPTS ISSUED		
	RECEIPT	

*L. Moreki* For: NADAL Furnishers

Received with thanks from J, Patedi	No 782
For Payment on account(discount allowed R147,00)	1 September 2015
The amount of Two thousand, seven hundred and ninety three	rands R2 793,00
Cash Cheque✓	L. Moreki
	FOI. NADAL FURNISNERS
RECEIPT	No 785
Received with thanks from P. Mohamed	9 September 2015
For Payment on account written off two months ago	rands R456,00
The amount of Four hundred and fifty six	<i>L. Moreki</i>
Cash Cheque✓	For: NADAL Furnishers
RECEIPT	No 786
Received with thanks from Finbank	15 September 2015
For Loan	rands R60 000,000
The amount of Sixty thousand	<i>L. Moreki</i>
Cash Cheque√	For: NADAL Furnishers
RECEIPT Received with thanks from N. Palm 2015	No 788 30 September

 For
 First and final dividend on account

 The amount of
 Five hundred and ten

 Cash
 Cheque√

For: NAI

# CASH REGISTER ROLLS

CASH REGISTER ROLL 1 September 2015 Total cash sales

R4 800,00

CASH REGISTER ROLL 30 September 2015 Total cash sales R8 172.0 R8 172,00

# **DEPOSIT SLIPS**

T

PROTEA B	ANK														DEPO	SIT SL	IP
Credit NADAL F	urnishers												Date	Э		1 September	2015
44 Mair	n Road															R	
Hilton 3	245												Ν	Note	s	3000	00
													1	Nick	el	905	00
													E	Bron	ze	5	00
													Ν	NO	and PO		
													5	Subt	otal	3 910	00
(Stamp)	Drawer's	name		E	Bank		Brar	ich/C	earin	g -cc	ode						
Protea	1. J. Pate	edi			Disa		335-	816								2 793	00
2015-09-01	2. S. Coł	nen		F	Protea		334-	812								890	00
Bank	3																
Deposited by	L Moreki								Tota	al 🛛						7 593	00
Account number		0	4	1	0	-	7	0	7	-	8	1	3				

PROTEA B SLIP	ANK															D	EF	POSIT		
Credit NADAL F	urnishers													D	)ate		9	Septembe	er 20	15
44 Mair	n Road																	R		
Hilton 3	245													Ν	lote	S				
														Ν	lick	el				
														E	Bron	ze				
														N	10 i	and PO				
														S	Subt	otal				
(Stamp)	Drawer's	name		E	Bank				Branc	h/(	Clea	irin	g							
Protea									code											
2015-09-09	1. P. Mai	homed			Disa				335-8	16								456		00
Bank	2.																			
	3.																			
Deposited by	L Moreki								Total									456		00
Account number		0	4	1	0	-	7	0	7 -		8	1	1	3						

PROTEA B	ANK														DEPO	SIT SL	IP
Credit NADAL F 2015	urnishers														Date	15 Sept	ember
44 Mair	n Road															R	
Hilton 3	245												1	Vote	s		
													1	Nick	el		
													E	Bron	ze		
													1	NO	and PO		
													3	Subt	otal		
(Stamp)	Drawer's	name		E	Bank				Bran	nch/	Clea	ring					
Protea									code	е							
2015-09-15	1. Finbar	۱k		F	Finban	k			336	-843	3					60 000	00
Bank	2.																
	3																
Deposited by	L Moreki								Tota	a/						60 000	00
Account number		0	4	1	0	-	7	0	7	-	8	1	3				

#### PROTEA BANK Credit NADAL Furnishers

#### DEPOSIT SLIP Date 30 September 2015

	. i unionero												00			•
44 Ma	ain Road														R	
Hilton	3245												Note	es	4 200	00
													Nick	el	1 050	00
													Bror	nze	23	00
													MO	and PO		
													Sub	total	5 273	00
(Stamp)	Drawer's	name		Bank				Brand	ch/C	Clear	ring					
Protea								code								
2015-09-30	1RPel	keur		Disa				335-8	316						2 060	00
Bank	2. Spark	s and		Protea				334-8	312						510	00
	Sparks S	Solicitor	S							_						
	3. K. Ma	iet		Disa				335-8	316						839	00
Deposited by	L Moreki							Total							8 682	00
Account number		0	4	1 0	-	7	0	7 -	- T	8	1	3				

# JOURNAL VOUCHERS

JOURNAL VOUCHER-NADAL FURNISHERS							
Date:	20 September 2015						
Details:	I took goods, selling price						
R1 875,00 for my own use.							
Authorised:	A.Mabona						

JOURNAL VOUCHER-NADAL FURNISHERS								
Date: 30 September 2015								
Details:	M. Khan must be charged							
with R68,00 interest on								
	his overdue account							
Authorised:	A.Mabona							

JOURNAL VOUCHER-NADAL FURNISHERS							
Date:	30 September 2015						
Details:	The balance on N. Palm's						
	account must be written off						
	as bad debt						
Authorised:	A.Mabona						

## The owner's notes to the bookkeeper on 30 September 2015:

- 1. D. Clark dishonoured his cheque of R9 120.
- 2. Bank charges for September according to bank statement received from Protea Bank, R200.
- 3. The fixed deposit matured on 30 September 2015; Protea Bank paid R45 000 into the current bank account.

# OTHER DOCUMENTS

PROTEA BANK	ACKNOWLEDGEMENT OF INVESTMENT
DETAILS OF INVESTMENT	
Account holder	NADAL Furnishers
Account number	028 271 4531D
Amount invested	R45 000,00 (Forty five thousand rands only)
Date invested	1 October 2015
Period	12 Months
Due date	30 September 2015
Interest rate	8% per annum
(Stamp)	
Protea	S. Paulsen
2014-10-01	For: Protea Bank
Bank	

#### RUBRIC FOR MARKING

#### TOTAL PROJECT MARKS: 50

NAME OF SCHOOL	
NAME OF LEARNER	
DATE	

Question	Торіс	Max marks	Mark obtained	School moderation	District moderation	Provincial moderation
1	Bookkeeping of a Sole Trader	50				
Total						

# ASSESSMENT RUBRIC

AS	SSESSMENT CRITERIA 1			
Co	ompleteness of work	2 marks (fully done), 0 (not done except for criteria 1)	Total mark obtained	Learner's mark obtained
1.	Recorded information from the source documents in the subsidiary journals	2		
2.	Dates recorded in subsidiary journals	1		
3.	Recorded source documents in the subsidiary ledgers	1		
4.	Dates and codes recorded in the subsidiary ledgers	1		
5.	Folio references in subsidiary journals for posting	1		
6.	Folio references in the ledger accounts	1	10	
7.	Source documents' numbers in subsidiary journals	1		
8.	Subsidiary journals closed off on the last day of the month	1		
9.	Balancing of the balance sheet accounts in the ledger on the last day of the month	1		

ASSESSMENT CRITERIA 2	SCORE		Mark obtained
Accuracy of entries in the subsidiary journals, ledgers, general journal and list of debtors and creditors	150		
Internal control and ethics	10		
	150+10=160/4	40	

Criteria 1 Total	Criteria 2 Total	Total Mark obtained
10	40	50

-	Doc.	No.											
	Day												
CASH PAYMENT JOU	Name of payee												
RNAL	Fol.												
<b>OF NADAL</b>	Bank	-											
FURNISHER	Trading	inventory											
<u>rs - septe</u>	Wages												
MBER 2015	Creditors	control											
-	Discount	received											
	Sundry acc	Amount											
	ounts	Fol.											
CPJ 9		Details											

1 o		. Details									
CR.	unts	Fol									
	Sundry acco	Amount									
	Discount	allowed									
5	Debtors	control									
<b>FEMBER 201</b>	Sales										
HERS - SEP	Bank										
<b>AL FURNISI</b>	Analysis	of receipts									
NAD	Fol.										
EIPTS JOURNAL OF	Details										
RECI	Day										
CASH	Doc.	No.	 				 		 		

	No.	Doc.					No.	Doc.	
	Day		CRED				Day		CRED
	Creditors		ITORS ALLOWAN				Creditors		ITORS JOURNAL
	Fol		NCES .				 Fol		OF N/
	control	Creditors	IOURNAL OF				control	Creditors	ADAL FURNE
	inventory	Trading	NADAL FUR				inventory	Trading	SHERS - SEPT
	Equipment		NISHERS - SE				 Equipment		EMBER 2015
	Stationery		PTEMBER 2				Stationery		
	materials	Packing	015				Packing materials		CJ
	Amount	Sundry	CAJ 9				Amount	Sundry ac	9
	Fo	accour					Fol	counts	
	Details	ıts					Details		

Doc. No.	Day	Debtors	Fol	Sales	Cost of s	sales
				_		
				_		
				_		

# DEBTORS ALLOWANCE JOURNAL OF NADAL FURNISHERS - SEPTEMBER 2015 DAJ 9

Doc. No.	Day	Debtors	Fol	Sales	Cost of sales	\$	
						-	
						-	
						-	
						-	

							-

## GENERAL JOURNAL OF NADAL FURNISHERS - SEPTEMBER 2015

#### DEBTORS LEDGER OF NADAL FURNISHERS M. Khan D2

Date	Code	Details/Document	Fol	Debit	Credit	Balance
		No.				

		N. F	Palm	D4			
Date	Code	Details/Document No.	Fol	Debit	Credit	Balance	

	J. Patedi D5													
Date		Code	Details/Document No.	Fol	Debit		Credit		Balance					

# **CREDITORS LEDGER OF NADAL FURNISHERS**

Daily Post C1

Date	Code	Details/Document No.	Fol	Debit	Credit		Balance	

	Nduna Wholesalers C4												
Date		Code	Details/Document No.	Fol	Debit		Credit		Balance				

# Tshefu Distributors C5 Date Code Details/Document No. Fol Debit Credit Balance Image: Im

# List of debtors on 30 September 2015

# List of creditors on 30 September 2015

#### **DRAWINGS B2**

					-

#### **TRADING INVENTORY B6**

	1		1			

#### **DEBTORS CONTROL B7**

#### **CREDITORS CONTROL B11**

#### **DEBTORS ALLOWANCES N3**

2015 Sept	1	Balance	b/d	150				-

#### RUBRIC FOR MARKING

#### TOTAL PROJECT MARKS: 50

NAME OF SCHOOL	
NAME OF LEARNER	
DATE	

Question	Торіс	Max marks	Mark obtained	School moderation	District moderation	Provincial moderation
1	Bookkeeping of a Sole Trader	50				
Total						

### ASSESSMENT RUBRIC

ASSESSMENT CRIT	ERIA 1			
Completeness of wo	ork	2 marks (fully done), 0 (not done except for criteria 1)	Total mark obtained	Learner's mark obtained
1. Recorded informa documents in the	tion from the source subsidiary journals	2		
2. Dates recorded in	subsidiary journals	1		
<ol> <li>Recorded source subsidiary ledgers</li> </ol>	documents in the	1		
<ol> <li>Dates and codes r subsidiary ledgers</li> </ol>	ecorded in the	1		
<ol> <li>Folio references ir posting</li> </ol>	subsidiary journals for	1	10	
6. Folio references ir	the ledger accounts	1		
<ol> <li>Source documents journals</li> </ol>	s' numbers in subsidiary	1		
8. Subsidiary journal day of the month	s closed off on the last	1		
<ol> <li>Balancing of the b in the ledger on th</li> </ol>	alance sheet accounts ne last day of the month	1		

ASSESSMENT CRITERIA 2	SCORE		Mark obtained
Accuracy of entries in the subsidiary journals, ledgers, general journal and list of debtors and creditors	150		
Internal control and ethics	10		
	160/4	40	

Criteria 1 Total	Criteria 2 Total	Total mark obtained		
10	40	50		

		<b>CASH PAYMENT</b>	Inof	<b>RNAL OF NA</b>	DAL FURN	<b>ISHERS</b> -	SEPTEMB	ER 2015					CPJ 9
Doc.	Day	Name of payee	Fol.	Bank	Trading	Wages	Creditors	Discout	nt Sur	ndry account	tS		
No.					inventory		control	receive	d	Amount	Fo	l. Detail	S
234		Nduma Wholesalers		✓16 500 -	- 009 67					√6 900	B	5 Equip	ment
236	ω	Tampo Stationers		✓1 080 -						✓1 080	Z -	9 Statio	nery
237	9	Tshefu Distributors	C5	✓4 794 -			V5 100	- 1306	1				
238		Cash		✓2 448 -		2 448							
250		J. Cox		√5 800 -						V5 800	- N	7 Salari	es
		D. Clark (cheque											
		unpaid)	Dl	<ul><li>✓9 120 -</li></ul>						✓9 120	- B	7 Debto	rs control
		Protea Bank		✓200 -						✓ 200	Z -	8 Bank	charges
				<ul><li>✓39 942 -</li></ul>	- 009 6	2 448	< <5 100	- √306	1	V27527	1		
				B8	B6	N18	B11	N12					[22]
C	HSF.	<b>RECEIPTS JOURN</b>	AL OI	F NADAL FU	RNISHERS	- SEPTEN	ABER 2015				Ŭ	C <b>RJ 9</b>	
D	loc.	Day Details	Fol.	Analysis of	Bank	Sales	Debt	tors	Disc	Sundry acc	counts		ſ
Z	0.			receipts			Cont	trol 6	allowed	Amount	Foi	l. Detail	S
7;	82	1 J. Patedi	D5	2 793 -		1	<ul><li>✓2</li></ul>	2 940 -	147 🗸				
		Sales		4 800 -	VV7 593	- 148	00						
7;	85	9 P. Mohamed		456 -	V456	I				V456	- N	0 Bad d	ebts recovered
2	86	15 Finbank		- 000 09	√60 000	I				$\checkmark 60\ 000$	- B1	3 Loan:	Finbank
	88	30 N. Palm	D4	510 -				<u> </u>					
		Sales		8 172	VV8 682	- 181	72						
					<b>—</b>							Fixed	deposit:
		Protea Bank			×45 000	I				×45 000	- B1	2 Protea	Bank
												Intere	st on fixed
										✓300	Ž -	6 deposi	it

31

[21]

ī

105 456 🗸

147 < N11

✓3 450 -B7

2

12 972 N1

>

121 731 B8

			889	844	697		No.	Doc.	C
			30	25	16		)ay		REDI
		Wholesalers	Nduna	Daily Post	Tsefu Traders		Creditors		TORS JOURNAL
			C4	C1	CS		Fol		OF N
B11	<b>√</b> 49 560		<b>イ</b> 21 780	<b>✓</b> 2 160	✓25 620		control	Creditors	ADAL FURN
	•		•	•	•				ISH
B6	<b>√</b> 35 360		✓12 160		✓23 200		inventory	Trading	ERS - SEP
			•	•	•				<b>FEM</b>
85							Equipmen		<b>IBER 201</b>
				•	·		Ħ		J
01N			ı	1	1	Stationery			
N22	<u> イ2 420</u>				<b>イ</b> 2 420	materials	Packing		CJ 9
			ī	•	•				-
	<b>√</b> 2 160			<b>✓</b> 2 160		Amount		Sundry ac	
			'	'	'			coui	
				N16		Fol		nts	
[11]				Advertising		Details			

	63		No.	Doc.	
	28		Day		CRED
	Daily Post		Creditors		DITORS ALLOW
	C1		Fol		ANCES.
<b>イ</b> 510	<b>イ</b> 510		control	Creditors	JOURNAL OF
I	1		inventory	Trading	NADAL FUR
1	1		Equipment		NISHERS - SEH
1			Stationery		TEMBER 20
			materials	Packing	115
<b>√</b> 510 -	<b>イ</b> 510	Amount		Sundry acc	CAJ 9
	N16	Fol		ounts	
	Advertising	Details			

B11

**B**6

N19

DEBI	OK2 JC	JUKNAL OF NADAL FUKNISHE	K2 - 21	EPTEMBER 2	015	DJ 9	
Doc.	Day	Debtors	Fol	Sales		Cost of sales	
No.							
512	9	M. Khan	D2	✓10 100	-		-
513	15	J. Patedi	D5	✓ 27 425	-		-
514	30	M. Khan	D2	✓2 400	-		-
515		J. Patedi	D5	✓ 2 290	-		-
					-		-
				✓42 215		✓33 772	
				B7/N1		N2/B6	[6]

#### DEBTORS JOURNAL OF NADAL FURNISHERS - SEPTEMBER 2015 DJ 9

# **DEBTORS ALLOWANCE JOURNAL OF NADAL FURNISHERS - SEPTEMBER 2015**

					DAJ 9	•	
Doc.	Day	Debtors	Fol	Sales		Cost of sales	
No.							
75	16	J. Patedi	D5	<b>√</b> 3 600	-		-
77	25	M. Khan	D2	✓1 250	-		-
				✓ 4 850		<b>√</b> 3 880	
				B7/N3		N2/B6	[4]

## GENERAL JOURNAL OF NADAL FURNISHERS - SEPTEMBER 2015 GJ

D	ate	Details	Fol	Debit		Credit		Debtors	con	trol	
								Debit		Credit	
	20	Drawings	B2	✓ 1 500	-						
		Trading inventory	B6			✓ 1 500	-				
O	wner	tool merchandise for own use									
	30	M. Khan	D2	✓ 68	-			✓ 68	-		
		Interest received	N15			✓ 68	-				
In	iteres	st charged on overdue account									
		Bad debts	N9	<b>√</b> 756	-						
		N. Palm	D4			✓ 756	-			✓ 756	-
B	alanc	ce on account written off									
								√ 68		<b>√</b> 756	
								B7		B7	
										[10]	

#### DEBTORS LEDGER OF NADAL FURNISHERS

				M. K	Chan				D2 [7	]
Date		Code	<b>Details/Document</b>	Fol	Debit		Credit		Balance	
			No.							
2015	1									
Sep			Account rendered						✓5 520	-
	9	01	Invoice 512	DJ9	✓10 100	-			✓15 620	-
	25	05	Credit note 77	DAJ9			✓1 250	-	✓14 370	-
		01	Invoice 517	DJ9	✓2 400	-			<b>√</b> 16 770	-

			Ν.	Palm	D4	[5]				
Date		Code	<b>Details/Document No</b>	Fol	Debit		Credit		Balance	
2015	1		Account rendered						<b>√</b> 1 266	-
Sep	30	02	Receipt 788	CRJ9			✓510	-	√756	-
		06	Journal	GJ9			√756	-	<ul> <li>✓ -</li> </ul>	-

			J. 1	Patedi		Ľ	95 [13]			
Date		Code	Details/Document No.	Fol	Debit		Credit		Balance	
2015	1		Account rendered						<b>√</b> 2 940	-
Sep		02	Receipt 782	CRJ9			✓2 793	-	✓147	-
		03	Receipt 782	CRJ9			✓147	-	<ul> <li>✓ -</li> </ul>	-
	15	01	Invoice 513	DJ9	✓27 425	-			✓27 425	-
		04	Petty cash voucher 258	PCJ 9	✓ 83	-			✓27 508	-
	16	05		DAJ9			✓ 3 600	-	✓23 908	-
	30	01		DJ9	✓2 290	-			✓26 198	-

# **CREDITORS LEDGER OF NADAL FURNISHERS**

			Daily	<b>Post</b>	C1 [	4]			
Date		Code	Details/Document No.	Fol	Debit	Credit		Balance	
2015	25	01	Invoice 844	CRJ9		✓2 160	-	✓2 160	-
Sep	28	05	Debit note 63	CAJ9	✓ 510			<b>√</b> 1 650	-

			Nduna	a Wholes	salers	C4 [3]	
Date		Code	Details/Document No.	Fol	Debit	Credit	Balance
2015	1		Account rendered				<b>√</b> 3 978 -
Sep	30	01	Invoice 688	CRJ9		✓21 780 -	✓25 758 -

			Tshe	fu Distri	butors		C5 [7]			
Date		Code	<b>Details/Document No.</b>	Fol	Debit		Credit		Balance	
2015	1		Account rendered						✓5 100	-
Sep	6	02	Cheque 237	CPJ9	<b>√</b> 4 794	-			✓ 306	-
		03	Cheque 237	CPJ9	✓ 306	-			√-	-
	16	01	Invoice 697	CJ9			✓25 620	-	✓25 620	

# List of debtors on 30 September 2015 [4]

N. Palm	✓ -	_
J. Patedi	✓26 198	-
M .Khan	<b>√</b> 16 770	
	<b>√</b> 97 059	-

# List of creditors on 30 September 2015 [4]

Daily Post	<b>√</b> 1 650	-
Nduna Wholesalers	<b>√</b> 25 758	-
Tshefu Distributors	✓25 620	-
	<b>√</b> 113 568	-

			B2 [3]								
2015	1	Balance	b/d	<b>√</b> 68 220	-	2015	30	Capital	GJ9	<b>√</b> 69 720	-
Sept	20	Trading	GJ9	<b>√</b> 1 500	-	Sept					
		inventory									
				69 720	-					69 720	

# General Ledger of NADAL Furnishers

	TRADING INVENTORY									B6	
2015	1	Balance	b/d	<b>√</b> 88 012	-	2015	30	Drawings	GJ9	<b>√</b> 1 500	-
Sept	30	Bank	CPJ 9	<b>√</b> 9 600	-	Sept					
		Creditors control	CJ9	<b>√</b> 35 360	-			Cost of sales	CRJ9	<b>√</b> 10 378	-
		Cost of sales	DAJ 9	<b>√</b> 3 880				Cost of sales	DJ9	<b>√</b> 33 772	-
								Balance	c/d	91 202√*	-
				136 852	-					136 852	
Oct	1	Balance	b/d	91 202	-						

					DEBTORS CONTROL						
2015	1	Balance	b/d	.(20.226		2015	30	Bank and	CRJ9		-
Sept				• 20 220	♥ 20 226			discount		<b>√</b> 3 450	
								allowed			
	30	Bank	СРЈ	.(0120				Debtors	DAJ9	1 950	-
			9	♥ 9120	• 9120			allowance		▼ 4 830	
								Journal credits	GJ9	✓ 756	-
		Sales	DJ9	✓ 42 215				Balance		<b>√</b> * 62 573	-
		Journal	GJ9								
		debits		• 08							
				71 629						124 435	-
Oct	1	Balance	b/d	62 573							

CREDITORS CONTROL										B8 [5]	
2015	30	Bank and	CPJ9	✓5 100		2015	1	Balance	b/d	<b>√</b> 12 684	-
Sept		discount				Sep					
		received									
		Returns	CAJ9	✓ 510			30	Sundry purchases	CJ9	<b>√</b> 49 560	-
		and									
		allowance									
		Balance	c/d	51024✓							
				*							
				56 634						56 634	-
						Oct	1	Balance	b/d	51 024	-
				DEBTORS A	LLOW	ANCE	N3				
------	----	--------------------	------	-----------	------	------	----	--			
2015	1	Balance	b/d	150	2015						
Sep	30	Debtors control	DAJ9	4 850✓	Sep						

*NB\* Allocate the method mark only if the balance c/d amount is the same as the balance b/d* 

# 2. ETHICS

# 2.1 Possible answers

- Bribe is to give a reward, gift or price with a view to corrupt the conduct of a person in a position of trust. ✓✓
- Tender is an offer to supply goods at a fixed price. ✓ ✓

# 2.2. Name one type of crime committed by the bookkeeper.

- a) Fraud√√
- b) Corruption
- c) Money laundering

# 3. INTERNAL CONTROL

# 3.1 Possible causes

- Slow rate of payments ✓ ✓
- Debtors taking too long to pay their debts
- Lack of proper screening of potential customers

# a. Actions

- Encourage early payments by offering discounts ✓ ✓
- Do affordability checks on new and existing customers

# ACCOUNTING CASE STUDY: TERM 3

# **GRADE 10**

# TOPIC: Analysis and interpretation of financial statements

# TIME ALLOCATED: 2 HOURS

**TOTAL MARKS: 50** 

# ANALYSIS AND INTERPRETATION

# INFORMATION

You are provided with an extract from the financial statements of Oranama Stores. The owner, P. Zoko, started the business in 2010 to earn extra income. His aim is to develop Oranama Stores into a full-time business. He is however disappointed with the current state (results) of the business. He currently rents the premises but is considering buying land and buildings. He feels that he is paying too much on rent. He increased the gross profit percentage at the beginning of 2015 from 30% to 60%. P. Zoko requested you to assist him to ensure that his dream is realised.

# REQUIRED

1. Calculate the missing financial indicators for 2015. Write down the formula and show the calculations. Round off to the first decimal place. (18)

Financial indicators	2014	2015
% gross profit on sales	22,6%	35,3%
% gross profit on cost of sales	29,2%	54,4%
% operating expenses on sales	25,8%	27,8%
% operating profit on sales	6,5%	15,3%
% net profit on sales	3,6%	13.3%
% return on owner's equity	11,3%	А
Solvency ratio	1,8 : 1	В
Debt: Equity ratio	0,9 : 1	С
Current ratio	3,1 : 1	D
Acid test ratio	1,1 : 1	E

# 2. OPERATING EFFICIENCY AND INTERNAL CONTROL

- 2.1 Is the operating efficiency satisfactory (purpose of starting the business)? Explain by quoting relevant figures. (4)
- 2.2 Name two items in the Income Statement that are a concern. Give reasons for your answer. (2)
- 2.3 Comment on the liquidity of the business by quoting relevant figures. Is it satisfactory?
- 2.4 Comment on the return on owner's equity. If the owner is offered a maximum return on investment of 6% by a financial institution, will he be satisfied with his current return on owner's equity? (3)
- 2.5 Is the degree of solvency satisfactory? Motivate your answer by quoting a relevant indicator, figure or percentage. (3)
- 2.6 Was the increase in the gross profit percentage a good strategy? Explain.

(3)

(1)

(5)

- **2.7** Two employees are dissatisfied with the increase in their remuneration. According to their knowledge, the profit of the business increased by 378% and their increase is much lower than that. A part-time assistant was appointed at the beginning of the year at R2 000 per month. The appointment of the assistant was due to the workers complaining that they are working too hard and need assistance.
  - 2.7.1 Calculate the percentage increase that the two permanent workers received. (4)
  - 2.7.2 Give one argument in favour of the permanent workers regarding their increase. (1)
  - 2.7.3 What argument can the owner mention in his favour?
- 2.8 Will it be a good idea for the business to continue renting the premises or would it be better to purchase the premises? The owner of the building wants to sell the premises for R800 000. (3)
- 2.9 Is the business sustainable? Explain your answer. (3)

### ORANAMA MOTORS EXTRACT FROM THE BALANCE SHEET ON 28 FEBRUARY 2015

	2015	2014
ASSETS		
NON-CURRENT ASSETS	350 000	320 000
Tangible / fixed assets	150 000	120 000
Fixed deposit	200 000	200 000
CURRENT ASSETS	342 200	373 000
Inventories	259 200	247 500
Trade and other receivables	22 000	17 500
Cash and cash equivalents	61 000	108 000
TOTAL ASSETS	692 200	693 000
EQUITY AND LIABILITIES		
Owner's equity	332 600	302 000
NON-CURRENT LIABILITIES	230 000	272 000
Loan from Land Bank (12% p.a.)	230 000	272 000
CURRENT LIABILITIES	129 600	119 000
Trade and other payables	129 600	119 000
TOTAL EQUITY AND LIABILITIES	692 200	693 000

# NOTE FROM BALANCE SHEET

OWNER'S EQUITY	
Balance at beginning of year	302 000
Net profit for the year	159 370
Drawings	(128 770)
Balance at end of year	332 600

# **INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2015**

	2015	2014
Sales	1 200 000	930 000
Cost of sales	(777 000)	(720 000)
Gross profit	423 000	210 000
Other operating income	95 000	90 000
Gross operating income	518 000	300 000
Operating expenses	(334 000)	(239 000)
Salaries and wages	200 000	160 000
Rent expense	60 000	36 000
Bank charges	4 500	3 500
Telephone, water and electricity	5 000	4 500
Advertising	6 000	6 000
Consumable stores	2 600	2 400
Damaged trading stock written off	18 000	1 000
Depreciation	13 500	12 000
Trading stock deficit	9 000	3 000
Sundry expenses	15 400	11 100
Operating profit	184 000	60 000
Interest income	8 000	8 000
Operating profit before interest expense	192 000	68 500
Interest expense	(32 630)	(35 160)
Net profit for the year	159 370	33 340

# ACCOUNTING CASE STUDY GRADE 10

# MARKS: 50 DURATION: 2 HOURS

# ANALYSIS AND INTERPRETATION

Name of learner: .....

1	Missing financial indicators
A	Return on owner's equity
В	Solvency ratio
С	Debt equity ratio
D	Current ratio

Е	Acid test ratio

2.1	Operating efficiency
2.2	Items in the Income statement that are a concern
2.3	Liquidity of business
2.4	Return on equity
2.5	Solvency of the business

2.6	Gross profit percentage
2.7	Wage increases
2.8	Buying or renting property
2.9	Is the business sustainable?

# CASE STUDY: TERM 3 MARKS: 50

	ANALYSIS AND INTERPRI	ETATION
1	Missing financial indicators	
A	Return on owner's equity $\checkmark$ Net profit Average owner's equityx 100 1 $\checkmark$ 159 370 $\frac{100}{\sqrt{2}(302\ 000\ +\ 332\ 600\ )}$ 100 1 $\checkmark$ 50.3 %	(Total: 4 marks)
В	Solvency ratio         ✓       Total assets       : Total liabilities         ✓       692 200       : 230 000 + 129 600         692 200       : 359 600       ✓         1,9       :       1	(Total: 4 marks)
С	Debt equity ratio✓ Non-current liabilitiesOwner's equity✓ 230 000: 332 600✓ 0.7: 1	(Total: 3 marks)
D	Current ratio ✓ Current assets : Current liabilities ✓ 342 200 : 129 600 ✓ 2.6 : 1	(Total: 3 marks)
E	Acid test ratio         ✓       Current assets - Inventories : Current liable         ✓       342 200 - 259 200 : 129 600         ✓       83 000 : 129 600         0.6 : 1	<b>(Total: 4 marks)</b> pilities

45

2.1	Operating efficiency	(Total: 4 marks)
	✓ Yes. It is satisfactory	
	<ul> <li>The gross profit on sales percentage</li> </ul>	ge increased from 22.6% to 35.3%
	<ul> <li>The operating profit on sales perce</li> </ul>	ntage increased from 6.5% to 15.3%
	✓ The net profit on sales percentage	increased from 3.6% to 13.3%
2.2	Items in the Income statement that are	a concern (Total: 2 marks)
	✓ R18 000 from damaged trading sto	ck written off
	✓ Amount of trading stock deficit increase	eased from R3 000 to R 6 000
	Rent expense increased from R36	000 to R60 000 (66.6%)
2.3	Liquidity of business	(Total: 4 marks)
	✓ No, it is not satisfactory	
	Any 3 x 1	
	✓ Current ratio increased from 3.1 : 1	to 2.6 : 1.
	✓ Acid test ratio decreased from 1.1 : The business has the much stack	1 to $0.6$ : 1
	<ul> <li>The business has too much stock of Business will experience difficulties</li> </ul>	in monting its short torm
	abligations/ourrent liabilities	
	obligations/current liabilities	
2.4	Return on equity	(Total: 3 marks)
2.4	Return on equity✓ It increased from 11.3% to 50.2%	(Total: 3 marks)
2.4	<ul> <li>Return on equity</li> <li>✓ It increased from 11.3% to 50.2%</li> <li>✓ Exceeds the return on investment of</li> </ul>	(Total: 3 marks)
2.4	<ul> <li>Return on equity</li> <li>✓ It increased from 11.3% to 50.2%</li> <li>✓ Exceeds the return on investment of</li> <li>✓ The owner should be happy with the</li> </ul>	(Total: 3 marks) of 6%. e good return
2.4	<ul> <li>Return on equity</li> <li>✓ It increased from 11.3% to 50.2%</li> <li>✓ Exceeds the return on investment of</li> <li>✓ The owner should be happy with the</li> <li>Solvency of the business</li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks)
2.4 2.5	<ul> <li>Return on equity         <ul> <li>✓ It increased from 11.3% to 50.2%</li> <li>✓ Exceeds the return on investment of</li> <li>✓ The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>✓ The solvency ratio increased from the</li> </ul> </li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1
2.4	<ul> <li>Return on equity         <ul> <li>✓ It increased from 11.3% to 50.2%</li> <li>✓ Exceeds the return on investment of</li> <li>✓ The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>✓ The solvency ratio increased from</li> <li>✓ It is satisfactory because for every</li> <li>✓ assots to the value P1.90</li> </ul> </li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1 R1 owing in debts the business has
2.4	<ul> <li>Return on equity         <ul> <li>It increased from 11.3% to 50.2%</li> <li>✓ Exceeds the return on investment of</li> <li>✓ The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>✓ The solvency ratio increased from</li> <li>✓ It is satisfactory because for every assets to the value R1.90.</li> <li>✓ The business will be able to meets</li> </ul> </li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1 R1 owing in debts the business has its liabilities in case of insolvency
2.4	<ul> <li>Return on equity         <ul> <li>It increased from 11.3% to 50.2%</li> <li>Exceeds the return on investment of</li> <li>The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>The solvency ratio increased from</li> <li>It is satisfactory because for every assets to the value R1.90.</li> <li>The business will be able to meets</li> </ul> </li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1 R1 owing in debts the business has its liabilities in case of insolvency
2.4 2.5 2.6	<ul> <li>Return on equity         <ul> <li>It increased from 11.3% to 50.2%</li> <li>Exceeds the return on investment of</li> <li>The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>The solvency ratio increased from</li> <li>It is satisfactory because for every assets to the value R1.90.</li> <li>The business will be able to meets</li> </ul> </li> <li>Gross profit percentage</li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1 R1 owing in debts the business has its liabilities in case of insolvency (Total: 3 marks)
2.4 2.5 2.6	<ul> <li>Return on equity         <ul> <li>It increased from 11.3% to 50.2%</li> <li>✓ Exceeds the return on investment of</li> <li>✓ The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>✓ The solvency ratio increased from</li> <li>✓ It is satisfactory because for every assets to the value R1.90.</li> <li>✓ The business will be able to meets</li> </ul> </li> <li>Gross profit percentage         <ul> <li>✓ Yes</li> </ul> </li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1 R1 owing in debts the business has its liabilities in case of insolvency (Total: 3 marks)
2.4 2.5 2.6	<ul> <li>Return on equity         <ul> <li>It increased from 11.3% to 50.2%</li> <li>Exceeds the return on investment of</li> <li>The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>The solvency ratio increased from</li> <li>It is satisfactory because for every assets to the value R1.90.</li> <li>The business will be able to meets</li> </ul> </li> <li>Gross profit percentage         <ul> <li>Yes</li> <li>Any 2 x 1</li> </ul> </li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1 R1 owing in debts the business has its liabilities in case of insolvency (Total: 3 marks)
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2.4 2.5 2.6	<ul> <li>Return on equity         <ul> <li>It increased from 11.3% to 50.2%</li> <li>Exceeds the return on investment of</li> <li>The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>The solvency ratio increased from</li> <li>It is satisfactory because for every assets to the value R1.90.</li> <li>The business will be able to meets</li> </ul> </li> <li>Gross profit percentage         <ul> <li>Yes</li> <li>Any 2 x 1</li> <li>The sales increased from R930 000 of 29%</li> <li>The gross profit increased from R2</li> </ul> </li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1 R1 owing in debts the business has its liabilities in case of insolvency (Total: 3 marks) 0 to R1 200 000, which is an increase 10 000 to R423 000, which is an
2.4	<ul> <li>Return on equity         <ul> <li>It increased from 11.3% to 50.2%</li> <li>Exceeds the return on investment of</li> <li>The owner should be happy with the</li> </ul> </li> <li>Solvency of the business         <ul> <li>The solvency ratio increased from</li> <li>It is satisfactory because for every assets to the value R1.90.</li> <li>The business will be able to meets</li> </ul> </li> <li>Gross profit percentage         <ul> <li>Yes</li> <li>Any 2 x 1</li> <li>The sales increased from R930 000 of 29%</li> <li>The gross profit increased from R2 increase of 101%.</li> </ul> </li> </ul>	(Total: 3 marks) of 6%. e good return (Total: 3 marks) 1.8 to 1.9 : 1 R1 owing in debts the business has its liabilities in case of insolvency (Total: 3 marks) 0 to R1 200 000, which is an increase 10 000 to R423 000, which is an

2.7	Wage increases (Total: 6 marks)
	2 000 x 12 = R 24 000
	R 200 000 – R 24 000 = R 176 000
	R 176 000 − R 160 000 = R 16 000
	16 000       X 100         160 000       1         = 10%       ✓         Argument in favour of workers – any relevant motivation         • Inflation/standard of living/increase in profits/ increase in sales         Argument in favour of employer – any relevant opinion         • 10% higher than inflation         • Only 29% increase in sales
	Salaries are not the only operating expenses
	<ul> <li>They have employed an additional person to assist, which decreased their workload.</li> </ul>
2.8	Buying or renting property Yes / No(Total: 3 marks)
	Buying property always better idea to renting since the rent has increased from R36 000 to R60 000 $\checkmark$
	Debt: Equity ratio is favourable – low geared □
	The fixed deposit of R200 000 can be used to pay 25% of the property
2.9	Is the business sustainable? (Total: 2 marks) Yes ✓
	Acceptable reason ✓ □
	Even though the mark-up increased from 30% to 60%, sales still increased.
	Return on equity increased to 50.2%, which is far greater than the return on outside investment.

ACCOUNTING GRADE 11 WRITTEN REPORT: TERM 1 TOPIC: FIXED ASSETS DURATION: 1 HOUR TOTAL MARKS: 50

# ACCOUNTING GRADE 11 WRITTEN REPORT: TERM 1

You are the internal auditor of Midway Traders. The financial year ends on 28 February each year. Management requires you to provide them with a written report on the fixed assets of the business. The questions given below will form a guideline to write your report. The rubric further indicates the requirements from you and it shows how marks will be awarded to your final report.

# **GUIDELINES TO WRITE A REPORT:**

1. Introduction:

Explain fixed assets and disposal of fixed assets. List all the fixed assets that the business has accumulated over the years.

- 2. Define a fixed asset register. Prepare a report to management on why it is important that the fixed assets must be recorded in a fixed asset registers.
- 3. Draw up the Asset Registers of trucks A, B and C to show management how to record the information on the asset register taking into account the following:
  - 3.1 Show all calculations as per answer sheet
  - 3.2 Should management consider the purchase of a new vehicle?
  - 3.3 Motivate by giving FIVE points quoting figures.
  - 3.4 Determine which one of three vehicles should be traded in and why.
- 4. Identify what internal control measures should be put in place to maintain proper maintenance of vehicles in the business.
- 5. Conclusion

Draw a conclusion on the importance of fixed assets management in a business.

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# INFORMATION IN THE RECORDS OF THE BUSINESS

• Purchased on 1 March 2012 for R1 500 000.
<ul> <li>Truck A purchased on 1 March 2012 for R360 000.</li> <li>Truck B purchased on 1 December 2013 for R540 000.</li> <li>Truck C purchased on 1 September 2014 for R680 000.</li> <li>Depreciation is 20% p.a. on cost.</li> </ul>
<ul> <li>Cost price of equipment on 1 March 2015 is R240 000.</li> <li>Accumulated depreciation is R90 000 at beginning of year.</li> <li>Old equipment purchased at cost price R60 000 was sold on 1 March 2015 for R15 000. The accumulated depreciation for this asset was R50 000 on the date of sale.</li> <li>New equipment purchased for R40 000 on 31 August 2015.</li> <li>Depreciation rate is 10% p.a. on carrying value.</li> </ul>

2. The three vehicles are used for delivery purposes. The running costs of the vehicles are as follows:

	Truck A	Truck B	Truck C
Mileage travelled	90 000 km	100 000 km	50 000 km
Courier charges earned	R540 000	R440 000	R500 000
Repairs and maintenance	R28 000	R30 000	R18 000
Fuel and oil	R125 000	R180 000	R72 000

**3.** A new vehicle is advertised in February 2016 at R620 000. The new vehicle comes with a vehicle maintenance plan for 3 years at an extra cost of R50 000. It has a 5,6% savings on fuel consumption. The business wishes to purchase the new vehicle on 1 March 2016.

# ACCOUNTING GRADE 11 WRITTEN REPORT: TERM 1

NAME OF LEARNER		
NAME OF SCHOOL	Time: 1	Marks: 50
	hour	

# **RUBRIC:**

Criteria	MARKS					
	2 marks	4 marks	6 marks	· · · · · · · · · · · · · · · · · · ·		Learne
Introductio n	Briefly explains concepts of fixed assets and disposal of fixed assets	Explains fully the concepts of fixed assets and disposal of fixed assets and lists some of the assets	Explains fully the concepts of fixed assets and disposal of fixed assets and lists all of the assets			
	1-2 marks	3-4 marks	5-6 marks	7-8 marks	9-10 marks	
Fixed Asset Register	Gives a definition of a fixed asset register	Gives a definition of a fixed asset register and at least one importance of fixed assets	Gives a definition of a fixed asset register and explains more than one importance of fixed assets	Gives a definition of a fixed asset register and explains more than one importance of fixed assets. Is able to draw up and complete the asset register partially	Gives a definition of a fixed asset register and explains more than one importance of fixed assets. Is able to draw up and complete the asset register correctly	
	1-2 marks	3-4 marks	5-6 marks	7-8 marks	9-10 marks	
Acquisition and disposal of asset	Provides an opinion and provides 1 reason for the acquisition. Figures are quoted 2 mark	Provides an opinion and provides 2 reasons for the acquisition. Figures are quoted 4 marks	Provides an opinion and provides 3 reasons for the acquisition. Figures are quoted 6 marks	Provides an opinion and provides 4 reasons for the acquisition. Figures are quoted 8 marks	Provides an opinion and provides 5 reasons for the acquisition. Figures are quoted 10 marks	
	Indicates which vehicle to trade in	Indicates which vehicle to trade in and by discussing one vehicle's information	Indicates which vehicle to trade in and by discussing two vehicles' information	Indicates which vehicle to trade in and by discussing all three vehicles' information	Excellent decision showing great insight into the benefits of trading in a particular vehicle	
Internal control	1-2 marks Explains 1 control measure	3-4 marks Explains 2 control measures	5-6 marks Explains 3 control measures	7-8 marks Explains 4 control measures	9-10 marks Explains 5 control measures	
Conclusion	2 Mark Has a brief conclusion	4 marks Provides a good conclusion				
TOTAL MARKS				50		

# Marking guideline to assist when using the rubric

- Fixed assets are the possessions of the business. They are intended to be kept for a long time, i.e. at least 12 months. They are physical and can be touched, and can be kept and used to run the business. They are subject to depreciation, which is calculated either at a fixed rate, i.e. cost price or diminishing balance. The calculation of depreciation can assist the business to decide whether to keep or to sell or trade in or dispose the asset. Examples of fixed assets listed in the task: Land and buildings, Vehicles and Equipment.
- 2. A fixed asset register is a list of the assets that a business owns. It records the assets owned by the business. It should indicate: the name of the asset, the date it was bought, purchase price, accumulated depreciation and the book value of the asset. It assists if the asset has to be sold; you need to sell it at the book value or more if you want to make a profit.

# 3. Trucks A, B and C Asset Registers

# 3.1 Asset Registers details

# **Truck A**

Cost price = R360 000	Date purchased: 01 March 2012	Depreciation rate: 20% p.a. on cost price		
	Depreciation	Accumulated depreciation	Carrying/book value	
28 Feb. 2013	R 72 000	R 72 000	R 288 000	
28 Feb. 2014	R 72 000	R 144 000	R 216 000	
28 Feb. 2015	R 72 000	R 216 000	R 144 000	
28 Feb. 2016	R 72 000	R 288 000	R 72 000	

# Truck B

Cost price = R540 000	Date purchased: 01 December 2013	Depreciation rate: 20% p.a. on cost price		
	Depreciation	Accumulated depreciation	Carrying/book value	
28 Feb. 2014	R 27 000	R 27 000	R 513 000	
28 Feb. 2015	R 108 000	R 135 000	R 405 000	
28 Feb. 2016	R 108 000	R 243 000	R 297 000	

# Truck C

Cost price =	Date purchased:	Depreciation rate: 20% p.a. on cost price		
R680 000	01 September 2014			
	Depreciation	Accumulated depreciation	Carrying/book value	
28 Feb. 2015	R 68 000	R 68 000	R 612 000	
20 Eak 2016	D 126 000	D 201 000	D 176 000	

28 Feb. 2016	R 136 000	R 204 000	R 476 000
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- 3.2 The new vehicle should be bought because it comes with a maintenance plan for 3 years. It also has a 5,6% savings on fuel consumption. The business will not be responsible for maintenance for 3 years.
- 3.3 Truck B has high repairs and maintenance compared to the other two trucks R30 000 (Truck A = R28 000 and Truck C = R18 000). It has a higher mileage travelled though it will only be 2 years and 3 months old when the new vehicle is bought. The charges earned are less compared to truck A and C. It generates less income than the other two trucks.
- 3.4 Truck B should be traded in since it has a high fuel and oil consumption of R180 000. A tracker should be installed to guide or monitor the travelling of the trucks. Travelling mileage should be monitored daily and after every trip undertaken. Distances should be calculated and estimated for the trips that are undertaken by the trucks. Proper records of kilometres should be kept before and after every trip (logbook).

### 4. Internal control measures

Fixed assets should be well managed since they are subject to depreciation. They are important for the production of further income to the business. If they are properly managed they can be used for more than their life span. The business can also earn more money (profit) when selling them if they are still in a good condition.

### 5. Conclusion

Learners should conclude on the importance of fixed assets management in the business.

# **ACCOUNTING TERM 2 PROJECT**

# **GRADE 11**

# **QUESTION PAPER**

# **DURATION: 2 DAYS PRIOR THE ADMINISTRATION OF THE TASK**

# FINANCIAL STATEMENTS OF PARTNERSHIPS

# **INSTRUCTIONS TO THE TEACHER:**

- This information must be given to the learners two days prior to the administration of the task.
- The teacher must discuss the criteria used to assess the project with the learners.
- Learners should be provided with answer books on the date of the administration of this project.
- The project must be administered under the supervision of the teacher.

# PARTNERSHIPS: FINANCIAL STATEMENTS

T. Thabo and L. Lethabo were trading as sole traders selling electronic appliances in Stilfontein. They were experiencing many challenges and their profitability was low. They decided to form a partnership business on 1 March 2015, trading as Rethabile Traders.

You are required to study the information below for the years ending 2016 and 2017. Use the guidelines below to prepare for this task.

# GUIDELINES FOR THE RESEARCH PRIOR TO THE COMPLETION OF THE TASK

Focus on the following:

- Reasons for the formation of the partnership
- Agreement between the partners
- Compliance to IFRS and GAAP principles
- Interested stakeholders in the financial statements
- Analysis and Interpretation of financial statements with special reference to the following: Profitability, liquidity, return and risk.

#### INFORMATION

#### **RETHABILE TRADERS**

### Extract from the INCOME STATEMENT FOR THE PAST TWO YEARS

	Notes	R	R
		Feb. 2017	Feb. 2016
Sales		5 443 200	4 641 000
Cost of sales		(3 888 000)	(3 570 000)
Gross profit		1 555 200	1 071 000
Other operating income		440 000	425 000
Gross operating income		1 995 200	1 496 000
Operating expenses		(1 600 550)	(1 215 000)
Operating profit		394 650	281 000
Interest income		40 000	40 000
Profit before operating expenses		434 650	321 000
Interest expense		(163150)	(175 800)
Net profit		271 500	145 200

ASSETS		2017	2016
Non-current assets		1 250 000	1 100 000
Tangible/FIXED assets		750 000	600 000
Fixed deposit		500 000	500 000
Current assets		1 711 000	1 865 000
Inventories (all trading stock)		796 000	1 237 500
Trade and other receivables		110 000	87 500
Cash and cash equivalent		805 000	540 000
TOTAL ASSETS		2 961 000	2 965 000
EQUITY AND LIABILITIES			
Owners' equity		1 163 000	1010 000
Capital	1	1 100 000	980 000
Current accounts	2	63 000	30 000
Non-current liabilities		1 150 000	1 360 000
Loan from Capita Bank (12% p.a.)		1 150 000	<b>1 360</b> 000
Current liabilities		648 000	595 000
Trade and other payables		648 000	595 000
TOTAL EQUITY AND LIABILITIES		2 961000	2 965 000

# NOTES TO FINANCIAL STATEMENTS ON 28 FEBRUARY 2017

#### 1. CAPITAL ACCOUNTS

	T. THABO	L. LETHABO	TOTAL
Balance (1/03/16)	800 000	180 000	980 000
Additional capital contribution		270 000	270 000
	800 000	450 000	1 250 000
Withdrawal of capital	(150 000)		(150 000)
Balance (29/02/17)	650 000	450 000	1 100 000

# 8. CURRENT ACCOUNT

	T. THABO	L. LETHABO	TOTAL
Net profit as per Income Statement	84 450	187 050	271 500
Partners' salaries		127 000	127 000
Interest on capital	52 000	36 000	88 000
Partners' bonuses	5 150	5 150	10 300
Primary distribution of profit	57 150	168 150	225 300
Final distribution of profit	27 300	18 900	46 200
Drawings for the year	(63 500)	(175 000)	(238 500)
Undrawn profits (retained income) for the year	20 950	12 050	33 000
Balance at beginning of year	(1 250)	31 250	30 000
Balance at end of year	19 700	43 300	63 000

# Total earned by each partner

	T. THABO	L. LETHABO	TOTAL
Salary	-	122 500	122 500
Interest on capital	52 000	36 000	88 000
Bonus to partners	5 150	5 150	10 300
Share on profit	27 300	1 890	46 200
	84 450	187 050	271 500

# FINANCIAL INDICATORS

NO.	INDICATORS	Current year - 2017	Previous year - 2016
1	% gross profit on cost of sales	40%	30 %
2	% operating expenses on sales	29%	26%
3	% operating profit on sales	8%	9%
4	% net profit on sales	5%	3%
5	% return on equity	?	17%
6	% return earned by T. Thabo	?	9%
7	% return earned by L. Lethabo	?	21%
8	Solvency ratio	1,6 : 1	1,5 : 1
9	Debt: Equity ratio	?	1,3 : 1
10	Current ratio	2,6 : 1	3,1 : 1
11	Acid-test ratio	1,4 : 1	1,1 : 1
12	Debtors collection period	31 days	41 days
13	Creditors payment period	90 days	62 days

# **ACCOUNTING TERM 2 PROJECT**

# **GRADE 11**

Duration: 1 Hour Total Marks: 50

# **QUESTION/ANSWER BOOKLET**

NAME OF LEARNER: \_\_\_\_\_\_

NAME OF SCHOOL: \_\_\_\_\_

1.	Mention any THREE clauses/ter	ms which can be included in a Partnership Agree	ement (3)
2.	Discuss the importance of compreparation of financial stateme	plying with the IFRS and GAAP principles in the ents	(4)
	IFRS:		
	CAAD		
	GAAP:		
3.	Mention any TWO (2) person	s/stakeholders interested in scrutinising the	Financial
	Statements and state the area of	of interest	(4)
	Persons/ Stakeholders	Reasons for the interest in Financial Statements	;

4.1 Calculate the operating exponence	xpenses on sales for both yea	rs and comment on the business
2017	. 2016	(0)
Comment:		
4.2 What internal control me	easures must be put in place t	o improve the profitability of the
business? Mention any	TWO.	(2)
5. Returns earned		(12)
5.1 Calculate the returns earr	ned by the partners and the bu	usiness.
RETURN EARNED BY	RETURN EARNED BY	RETURN ON PARTNERS'
Т. ТНАВО	L. LETHABO	EQUITY
Amount earned by the partner $_{X}$ 100	Amount earned by the partner $x \frac{100}{x}$	
Average partner's equity 1	Average partner's equity 1	

5.2 Should the partners be satisfied? Comment on the return	return.
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# 5.3a) Why did partner Thabo not earn a salary?

b) Why did partner Thabo receive a bonus?

6	Quote any TWO liquidity financial indicators, trends and comment on each.	(6)
7	Calculate and comment on the debt : equity ratio.	(5)
	Debt : equity ratio	
С	omment:	

Discuss TWC arguments to	arguments in favour of continuing to rent their premises, and TWO buy the property.	(4)
Option 1:	Buy property	
	OR	
Option 2:	Rent the premises	
	Discuss TWC arguments to Option 1: Option 2:	Discuss TWO arguments in favour of continuing to rent their premises, and TWO arguments to buy the property. Option 1: Buy property OR Option 2: Rent the premises

Total marks: 50

# ACCOUNTING GRADE 11 TERM 2 PROJECT MEMORANDUM

1 Montion any THREE (3) clausos/torms which can be included in a Partnership				
Agreement $(3)$ clauses/terms which can be included in a Partnership $(3) \checkmark \checkmark \checkmark$				
Name of the business				
Product or service provi	ded			
Capital contribution				
Sharing of profits and lo	sses			
Amount of drawings tak	en by each partner			
Right of the partner to s	alary and interest on capital			
Admission of new partne	er			
Whether or not the book	s will audited and by whom			
(any other relevant answ	ver)			
2. Discuss the importance of preparation of financial sta	complying with the IFRS and GAAP principles in the atements (4)			
IFRS:				
International Financial Reporting Standards provide the guidelines for the preparation of financial statements of companies to ensure a degree of consistency in the reporting of accounting practices across the world <b>v</b>				
<b>GAAP:</b> Generally Accepted Accounting Principles – A widely accepted set of rules, standards and procedures for reporting financial information, as established by the Financial Accounting Standards Board $\checkmark$				
3. Mention any TWO (2) persons/stakeholders interested in scrutinising the Financial Statements and state the area of interest (4)				
Persons/ Stakeholders 🗸 🗸	Reasons for the interest in Financial Statements 🗸 🗸			
• Partners	• Partners • To establish whether it is a worthwhile investment and whether to continue with the business			
Banking institutions     To establish whether the overdraft or loan is secured				
Potential partners	Potential partners     To see if it is viable to be a partner in the business for investment purposes			
Creditors     To establish whether the business can be given credit and pay their debts				
• SARS • Taxation purposes – whether the correct taxes are paid on the profits of the business				

 Auditors
 To ensure proper books are kept for the financial year
 Employees and their trade unions
 To ensure that adequate wages and salaries are paid to the employees

4.1. Calculate the operating expenses on sales for both years and comment on the business' control over its expenses. (8)						
2017	7	2016				
Operating expenses X 100	Operating expenses X 100					
1 600 590 / X 100						
$\frac{1000500}{5443200}$ $\times$ $\frac{100}{1}$	1215000 × 100					
- 20 4 % (		$-2610((\checkmark)$				
- 29,4 /0(• )	$= 29,4 \%(\checkmark)$					
Comments: The operating expenses increased from 26,1% in 2016 to 29,4% in 2017✓ The business is not exercising good control over the expenses since the sales did not increase in line with the expenses✓ (any valid answer)						
4.2 What internal control mea the business? Mention a	asures must be put in p ny TWO. (2) ✓✓	place to improve the profitability	of			
Exercise strict control over	er expenses					
Security camera/guards t	o secure stock					
All business transactions	must be properly author	rised				
Division of duties to preve	Division of duties to prevent theft or fraud					
<ul> <li>Have proper documenta interest, etc.</li> </ul>	ation of all transactions	s, i.e. purchases, returns, discoun	ıts,			
All cash to be deposited by	by responsible personne	el				
• (any other valid answer)						
5. Returns earned (12)						
5.1. Calculate the returns e	earned by the partners	and the business.	~ .			
		Y RETURN ON PARTNERS	S			
Amount earned by the partner 100	<b>L. LEINADU</b> Amount earned by the parts	tner 100 Net Profit 10	00			
$\frac{Average partner's equity}{Average partner's equity} X \frac{100}{1}$	Average partner's equity	$\frac{1}{2} \frac{1}{2} \frac{1}$	$\frac{00}{1}$			
$\frac{84\ 450}{(800\ 000+650\ 000-1\ 250\ +19\ 700)/2} \times \frac{100}{1}$ = <u>84 450</u> $\checkmark$ X <u>100</u>	<u>187 050</u> (180 000+450 000+31 250+43 300	$\frac{1}{100} \times \frac{100}{1} = \frac{271500}{(1163000 + 1010000)/2} \times \frac{1}{100}$	<u>100</u> 1			
$734225 \checkmark 1$ = 11, 5%( $\checkmark$ )	$- \frac{107050}{352275} \checkmark - \frac{100}{1}$	= 271500 × $1001 086 500 × 1$				
	= 53,1% ()	= 24, 98% or 25%(✓)				

## NB: No percentage sign, no mark

5.2. Should the partners be satisfied? Comment on the return Yes✓ (two valid comments) ✓✓

- Return on partners equity increased from 17% in 2016 to 24,98% in 2017
- All the return earnings are above alternative investment of  $\pm 7\%$
- Thabo's earnings increased from 9% in 2016 to 11,5% in 2017
- Lethabo's earnings increased from 21% in 2016 to 53,1% in 2017

# 5.3. a) Why did partner Thabo not earn a salary?

He is a sleeping partner. 🗸

# b) Why did partner Thabo receive a bonus?

He must have rendered advisory services. 🗸

# 6. Quote any TWO liquidity financial indicators, trends and comment on each. (6) Indicator ✓✓ trend ✓✓ comment ✓✓

Current ratio decreased from 3.1:1 to 2.6:1 – There is an improvement

Acid test ratio increased from 1.1:1 to 1.4:1 – There is slight decline

Debtors collection period decreased from 41 to 31 days – There is an improvement Creditors payment period increased from 62 to 90 days – There is an improvement

7. Calculate and comment on the debt\_: equity ratio. (5) Debt : equity ratio

Non-current liability : Partners' equity

1 150 000 ✓ : 1 163 000 ✓

0,99 : 1(✓)

# Comment:

Debt equity ratio decreased from 1,3 : 1 to 0,99 : 1

Partial repayment of the loan was made R210 000 (R1 360 000 - R1 150 000). There is an

improvement in the debt : equity ratio.

8. Discuss TWO arguments in favour of continuing to rent their premises, and TWO arguments to buy the property? (4)

Option 1: Buy property

They should buy their own property and save on rent. ✓

Property is an appreciating asset and can be sold at a profit at a later stage✓

AND

Option 2: Rent the premises

The business has to pay rates and taxes on the property

Continuous repairs and maintenance will be necessary

Total marks: 50

			64
ACCOUNTING	PRESENTATION:	TERM 3	
	GRADE 11		
TOPIC	MANUFACTURING		
тот	AL MARKS: 50		
DUE DAT	E:		

#### **INSTRUCTIONS:**

- You need to do a presentation that is interesting, informative, eyecatching and creative on the topic listed below.
- The presentation can take the form of a poster / PowerPoint / video clip.

#### TOPIC:

1

- Manufacturing (Proposal for funding from NYDA [National Youth 1. Worked example Development Agency])
- The presentation must cover the following:
- Decide on a product that that you wish to produce and, motivate 1. your choice.
- Consider the cost inputs if you were to produce 1 000 items 2. 3. Classify the abovementioned costs.
- 4. Show the calculations of the following: unit cost price, selling price per unit and gross profit if 1 000 units were produced.
- 5. Include any other relevant information that will help convince the NYDA to fund your proposed project

This task must be completed individually.

The clip can be between 5 and 10 minutes.

There will also be confidential peer evaluation.

#### COMMENTS:

The purpose of the presentation is to assess whether the learner understands / comprehends the content and is able to apply the knowledge.

Learners usually struggle with calculations. Calculations must be done systematically (step by step)

#### 2. Classification of costs

Learners are expected to know how costs are grouped

#### N.B.:

- Learners must work individually and submit their 2 own written presentations.
- The option of poster / PowerPoint / video clip is Þ given to accommodate learners with different backgrounds and access to resources / technology. The educator should determine which form of presentation will suit their learners best.

ACCOUNTING RUBRIC FOR ASSESSMENT OF PRESENTATION

PRESENTATION: TERM 3 MARKS: 50

NAME OF LEARNER: \_

NAME OF SCHOOL: \_\_\_\_

Lear mark			
0-3 marks	No attempt/weak attempt	Very poor presentation reflecting very little information	Costs not classified
4-5 marks	Some information provided	Satisfactory, some information reflected	Some costs appropriately classified
6-8 marks	Good/most information provided	Good, most of the necessary information is reflected	Most costs appropriately classified
9-10 marks	Excellent/interesting/ all information provided	Excellent, all the necessary information is reflected	Excellent, all costs appropriately classified
Criteria	<ol> <li>Introduction         Hint: Clearly introduced.         The product clearly identified     </li> </ol>	<ol> <li>Worked example Hint: Comprehensive example (identifying all the necessary items necessary in the manufacturing of the selected product)</li> </ol>	<ol> <li>Classification of costs</li> <li>Hint: All the relevant ledger accounts brought into account and are accurate</li> </ol>

Total	6. *Final presentation (Presentation without video <i>clip</i> )	<ol> <li>*Final presentation with video clip</li> </ol>	Answer only 5 or 6	4. Creativity Hint: Presentation itself: The appearance of the presentation (PowerPoint, poster, effort)
50 marks	Excellent presentation with confidence. All evidence submitted. Profitability and motivation.	Excellent presentation skills, audible, well-paced, clear and interesting. Profitability and motivation.		Out of the box
	Good presentation. Some supporting evidence submitted.	Good presentation, mostly clear and audible, well-paced. Able to capture audience some of the time.		Good effort
	Average presentation. Supporting evidence lacking.	Some attempt to make reasonable presentation. Standard lesson presented.		Did not stimulate interest
	Very weak presentation.	Very poor presentation, inaudible and unclear.		No attempt/weak attempt

\*NOTE: Only complete ONE of these options for a maximum of 10 marks for the final presentation.

# ACCOUNTING

# GRADE 12

# WRITTEN REPORT: TERM 1

**TOPIC:** Companies and Internal Control

DURATION: 1 HOUR

**TOTAL MARKS: 50** 

68

# TOPIC: COMPANIES AND CONTROL MEASURES

Naomi Nkosi is the sole owner (member) of STONEDCHERRIE CC.

website http://www.stonedcherrie.co.za. African lifestyle brand that is expressive of urban culture in South Africa. For more information on this popular brand, view her Naomi is a fashion icon and top fashion and fabric designer. Her clothing label STONEDCHERRIE, established in 2000, is an

the weak Rand and high interest rate currently, a loan at a financial institution is not an option. for ladies' fashion clothing and accessories. Since this vision will require additional capital, she is keen to adapt STONEDCHERRIE When Cape Town was nominated the Design Capital of the world, Naomi was inspired to expand her business to boost her market CC into a company, and hopes to achieve the level of triumph to list STONEDCHERRIE on the JSE in the near future. Considering

# She has approached you as an independent consultant to research the process involved in such a vision.

Naomi is uncertain as to the type of company to start and has asked that you research the following types of companies:

- A non-profit company
- A profit company state-owned
- A private company
- A personal liability company
- A public company

She also wants you to research internal control measures for her fixed assets, stock, debtors, cash and creditors

shown in the General Retailer section of the share page in the daily Business Report with the following figures companies are generally doing well or not. You are told that the net asset value of Truworths shares is 4245 cents. Truworths is You have looked for certain companies in the clothing industry that are currently listed on the JSE in order to assess whether such

to RE1E over the past month	000 010	0 223	120	2002	VZCZ	7110
Ihe General Retailer Index changed from	DV	YM%	DM	Low	High	Closing

. In your Learners need to have a conceptual understanding of the different categories of companies as stipulated in the Companies Act. (15)	It is question will allow learners to engage with the Companies Act.       mpany       (8)	ortant to     Learners need to have a good grasp of internal control measures and how it applies to different areas of a business as outlined in this question.       o ensure     (12)	Learners need to know the differences between a CC and a Company and the benefits of a Company over a CC	l explain     This question tests learners' understanding of net asset value, market price and issue price and the relationship between these three and the relationship between these three financial indicators.
<ul> <li>Discuss the different types of companies according to the Companies Act /1 of 200 discussion, indicate a definition; the number of shareholders; the number of directo name requirements.</li> <li>Non-profit company</li> <li>Profit company state-owned</li> <li>Private company</li> <li>Personal liability company</li> <li>Public company</li> </ul>	<ul> <li>Briefly outline:</li> <li>The steps or processes needed to register a company and to list the comp the Johannesburg Stock Exchange (JSE)</li> <li>The different documents required to register a company, and to list the cc on the JSE.</li> </ul>	<ul> <li>Once the company has been established, good internal control measures will be imple successful operation of the business.</li> <li>Briefly explain the internal control measures that will need to be put in place effective control over the following areas: <ul> <li>Fixed assets</li> <li>Stock</li> <li>Debtors</li> <li>Cash including control of petty cash and cash float</li> </ul> </li> </ul>	What would be the benefit of trading STONEDCHERRIE shares on the Johannesb Exchange? Mention THREE points.	Explain the figures for Truworths from the share page of the Business Report, an whether Naomi would be happy with such results for her business should she choos on the JSE.
### ACCOUNTING GRADE 12 WRITTEN REPORT: TERM 1 MARKING GUIDELINE MARKS: 50

### **TOPIC**: Companies and control measures

### 1. CLASSIFICATION OF COMPANIES

<ul> <li>Non-profit company</li> <li>Description ✓</li> <li>Directors ✓</li> <li>Name ✓</li> </ul>	<ul> <li>This is a company incorporated for public benefit relating to cultural or social activities, or communal or group interests. The income and property of such a company are not distributable to its incorporators, members, directors, officers or persons related to any of them.</li> <li>Minimum of three directors</li> <li>Its name ends in "NPC"</li> </ul>
Profit company	
<ul> <li>State-owned company</li> <li>Description ✓</li> <li>Directors ✓</li> <li>Name ✓</li> </ul>	<ul> <li>A state-owned company is either a company defined as a "state-owned enterprise" in the Public Finance Management Act 1 of 1999 or a company owned by a municipality. The majority of the provisions of a public company will apply to state-owned companies as well.</li> <li>Its name ends in "SOC I td"</li> </ul>
<ul> <li>Private company</li> <li>Description ✓</li> <li>Directors ✓</li> <li>Name ✓</li> </ul>	<ul> <li>Private companies may not offer shares to the public and the transferability of their shares are also restricted.</li> <li>At least one director</li> <li>Its name ends in "(Pty) Ltd"</li> </ul>
<ul> <li>Personal liability company</li> <li>Description          <ul> <li>Directors              <ul> <li>Name<ul> <li>Public company</li> </ul> </li> </ul> </li> </ul></li></ul>	<ul> <li>The Personal Liability Company and its directors, past and present, are jointly liable for any debts and liabilities incurred. Registered by professionals such as doctors, lawyers, engineers, accountants, etc.</li> <li>Minimum of one director</li> <li>Its name ends in "Inc."</li> </ul>
<ul> <li>Public company</li> <li>Description ✓</li> <li>Directors ✓</li> <li>Name ✓</li> </ul>	<ul> <li>A public limited company is a company which has offered shares to the general public and has limited liability. Its stock can be acquired by anyone and holders are only limited to potentially lose the amount paid for the shares</li> <li>At least three directors</li> <li>Its name ends in "Ltd"</li> </ul>

### 2. STEPS OR PROCESSES TO REGISTER OR LIST A COMPANY (Rubric below)

ST	<b>TEPS TO REGISTER A COMPANY</b>	ST	<b>EPS TO LIST A COMPANY ON THE JSE</b>
•	The persons wanting to incorporate a company,		Submission of letter of application.
	the promotors, must complete a Memorandum	•	The applicant must appoint an auditor and/or
	of Incorporation		reporting accountant
•	They will file a Notice of Incorporation with the	•	Appointment of professional advisors
	Company and Intellectual Properties	•	_Submitting the listing documentation to the JSE
	Commission	•	Playing a liaison role between the JSE and the
•	The commission allocates a registration		company.
	number	•	A subscribed capital of at least R50 000 000
		•	A satisfactory audited profit history for the
			preceding three financial years

### DOCUMENTATION

RE	GISTERING A COMPANY	LISTING A COMPANY IN THE JSE
•	The company comes into existence when the	<ul> <li>The Memorandum of Incorporation</li> </ul>
•	commission issues a registration certificate In a public company a prospectus will be issued inviting the public to purchase shares First issue of shares to the public is known as the initial public offering (IPO) Successful applicants are issued with a share certificate	<ul> <li>Any trust deed or agreement affecting the governance of the applicant or the interest of shareholders</li> <li>Copies of any special or notarial contract bearing on the trust deed or MOI entered into within the last three years</li> <li>All material contracts (including patent right and franchise agreements)</li> <li>In the case of a material contract not reduced to writing, a memorandum giving fu particulars thereof</li> </ul>

### RUBRIC FOR ASSESSING STEPS AND DOCUMENTATION

	4 marks	3 marks	2 marks	0-1 mark
Steps to register a	An excellent	A good	A fair	Lacks
company	understanding of	understanding of	understanding of	understanding of
	all the steps	most of the steps	some of the steps	the steps involved
	involved	involved	involved	
Documentation	An excellent	A good	A fair	Lacks
	understanding of	understanding of	understanding of	understanding of
	all the necessary	most of the	some of the	some of the
	documentation	necessary	necessary	necessary
	related to the	documentation	documentation	documentation
	registration of a	related to the	related to the	related to the
	company	registration of a	registration of a	registration of a
		company	company	company

Cash	<ul> <li>Division of duties: Duties to be divided amongst employees so that the work of one serves as a check on the other in order to avoid abuse and fraud.</li> </ul>
	<ul> <li>Proper documentation: Receipts must be issued for all cash received and deposited.</li> </ul>
	<ul> <li>Regular deposits: Cash received must be deposited daily.</li> </ul>
	<ul> <li>Safeguarding: Ensure all cash is stored in a safe place.</li> </ul>
Trading stock	<ul> <li>Division of duties: Duties to be divided amongst employees so that the work of one serves as a check on the other in order to avoid abuse and fraud. Different persons to be responsible for ordering stock, receiving</li> </ul>
	stock, paying creditors, etc.
	<ul> <li>Verifying documentation: When stock arrives it must be checked and verified against delivery note, the invoice must be checked against the delivery note and all ended be added and the second state.</li> </ul>
	delivery note and all calculations should be verified.
	<ul> <li>Safeguarding: All stock must be kept in a location with adequate security systems in place.</li> </ul>
	• Authorisation: A senior member of staff to authorise ordering of stock.
Fixed assets	<ul> <li>Division of duties: Duties to be divided amongst employees so that the work of one serves as a check on the other in order to avoid abuse and fraud.</li> </ul>
	<ul> <li>Proper documentation: Keep accurate documentation for purchasing and disposal of fixed assets. Fixed assets must be properly recorded in the fixed asset register.</li> </ul>
	<ul> <li>Safeguarding: All fixed assets must be kept in safe place and must be adequately insured.</li> </ul>
	<ul> <li>The use of fixed assets must be properly controlled.</li> </ul>
Debtors	<ul> <li>Division of duties: Duties to be divided amongst employees so that the work of one serves as a check on the other in order to avoid abuse and fraud.</li> </ul>
	<ul> <li>Screening: All prospective debtors should be screened by checking credit references.</li> </ul>
	<ul> <li>Credit limits: Set clear credit limits.</li> </ul>
	• Credit terms: Ensure debtors know what the credit terms are and that they pay within the credit terms. Offer discounts for prompt or early
	payments. Charge interest on overdue accounts.
	<ul> <li>Send statements and reminders on a regular basis.</li> </ul>

### RUBRIC FOR ASSESSING INTERNAL CONTROL

	3 marks	2 marks	l mark	0 marks
Cash	An excellent	A good	A fair	No understanding
	understanding of	understanding of	understanding of	of internal control
	internal control	internal control	internal control	relating to cash
	relating to cash	relating to cash	relating to cash	
	with all of the	with most of the	with some of the	
	aspects covered	aspects covered	aspects covered	
Trading stock	An excellent	A good	A fair	No understanding
	understanding of	understanding of	understanding of	of internal control
	internal control	internal control	internal control	relating to trading
	relating to trading	relating to trading	relating to trading	stock
	stock with all of	stock with most of	stock with some of	
	the aspects	the aspects	the aspects	
	covered	covered	covered	
Fixed assets	An excellent	A good	A fair	No understanding
	understanding of	understanding of	understanding of	of internal control
	internal control	internal control	internal control	relating to fixed
	relating to fixed	relating to fixed	relating to fixed	assets
	assets with all of	assets with most of	assets with some	
	the aspects	the aspects	of the aspects	
	covered	covered	covered	
Debtors	An excellent	A good	A fair	No understanding
	understanding of	understanding of	understanding of	of internal control
	internal control	internal control	internal control	relating to debtors
	relating to debtors	relating to debtors	relating to debtors	
	with all of the	with most of the	with some of the	
	aspects covered	aspects covered	aspects covered	
Creditors	An excellent	A good	A fair	No understanding
	understanding of	understanding of	understanding of	of internal control
	internal control	internal control	internal control	relating to
	relating to	relating to	relating to	creditors
	creditors with all	creditors with	creditors with	
	of the aspects	most of the aspects	some of the	
	covered	covered	aspects covered	

### 4. BENEFITS OF LISTING A COMPANY AT THE JSE

Any three valid points  $\sqrt{4}$   $\sqrt{4}$ 

Possible answers:

- It is often cheaper to raise equity capital rather than to rely on debt finance
- A listing will better enable the company to obtain other forms of finance, such as bank loans
- A listing enables a company to use its shares to fund acquisitions, as sellers are more likely to accept listed shares as consideration
- A listing will enhance the status of the company which will better enable the company to attract and maintain good employees
- Trade shares securely and effectively
- Market business to investors
- Attract local analyst coverage and media interest
- Enhance company's reputation and profile
- Enhance the ability to attract talent by offering share option incentives
- A listing facilitates broad-based economic empowerment

### 5. WILLINGNESS TO PURCHASE SHARES AT 75 CENTS

### Explanation of Truworths figures from share page of Business Report:

- The share price is 7118c which is 138c lower than the previous day.
  - This price is significantly higher than the NAV of 4245c.
  - On that day, the highest price paid by a buyer was 7274, and the lowest was 7095.
  - The share price has increased by 677,9% over the past year.
  - 340 000 shares were sold on that day.
  - The index for this sector decreased from 7210 to 6615 over the past year.

### RUBRIC FOR ASSESSING INFORMATION ON SHARE PAGE

4 marks	3 marks	2 marks	0-1 mark
An excellent	A good understanding	A fair understanding	A poor or no
understanding of the	of the information	of the information	understanding of the
information with all of	with most of the	with some of the	information
the aspects covered	aspects covered	aspects covered	

# Explanation of whether Naomi would be happy with such results for her business should she choose to list it on the JSE:

- Yes, the price is performing well as it greatly exceeds the NAV and has increased by a very large % over the past year.
- Yes, there is a high demand for shares in a clothing business such as Truworths.
- This is despite the fact that the General Retailing sector is not performing well as reflected by its index, yet a clothing business such as Truworths has out-performed the sector.

### RUBRIC FOR RELATING INFORMATION TO NAOMI'S CIRCUMSTANCES

5 marks	3-4 marks	1-2 marks	0 marks
An excellent and	A good and valid	A fair interpretation	A poor or no valid
valid interpretation of	interpretation of the	of the information	interpretation of the
the information with	information with most	with some of the	information
all of the aspects	of the aspects covered	aspects covered	
covered			

# ACCOUNTING TERM 2: PROJECT

# GRADE 12

# **QUESTION PAPER**

# **DURATION: TWO WEEKS**

Analysis & interpretation of published financial statements

MARKS: 50

### **GRADE 12 ACCOUNTING PROJECT**

### TOPIC: ANALYSIS OF PUBLISHED FINANCIAL STATEMENTS AND AUDIT REPORTS

### **DURATION: 2 WEEKS**

MARKS: 50

- You are required to study the extracts and answer the questions below.
- Where comments on financial indicators are required, you must quote actual figures, ratios or percentages as evidence for your response.

### **INSTRUCTIONS TO TEACHER:**

- The teacher will provide learners with extracts from the published annual report of a company listed on the JSE.
- The teacher chooses 4 or 5 different companies from the retail sector, and allocates them at random to the learners in the class. You will need to have a memo for all the companies that you will give to your learners to use.
- The information must be given to the learners a week prior to the administration of the task (ratios and analysis)
- The teacher must discuss the criteria used to assess the project with the learners.
- Learners should be provided with an answer book on the date of the administration of this project.
- The project must be administered under the supervision of the teacher.

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# These questions should only be given to the learners on the day when they will be assessed.

			COM
Ι.	. Calculate the following financial indicators for the two years:		Learne
	(a) % net profit after tax on turnover		these minimized
	(b) % operating profit on turnover		6
	(c) % operating expenses on turnover		Learne.
	(d) Current ratio		Icau II (
	(e) Acid test ratio		The fi
	(f) Debt : equity ratio		underst in a rot
	(g) Solvency ratio		
	(h) % return on average shareholders' equity		Learne
	(i) % return on average total capital employed		because
	(j) Earnings per share		number
	(k) Dividends per share		
	(I) Net asset value per share	(12)	
5.	. Comment on whether the liquidity position of this company is satisfactory or not. Onote THREE relevant financial indicators to support your answer.		Learne: When e
		(3)	(e.g. cu year. 7 liquidit
3.	. Comment on this company's use of loans. Explain by quoting TWO financial indicators in your answer.	(4)	Learne discuss
4	. Should the shareholders be satisfied with the % return, earnings and dividends for the past financial year? Explain. Provide evidence to support your opinion.		Learne discuss
		(9)	Questic
5.	. Explain what is mentioned in the annual report about the share price on the JSE,		Learne

COMMENTS

carners need to know how to calculate financial indicators. Many of ese indicators are common to sole traders in grade 10, partnerships grade 11 and companies in grade 12.

Learners need to be taught how the calculation can be identified or read from the actual financial indicator. The financial indicators therefore need to be taught from an understanding perspective and learners should not have to learn them n a rote manner.

Learners might find that these indicators are quoted in the annual report, however the figures might differ from their calculations because of the methods used by the company (e.g. weighted average number of shares).

Learners need to know which financial indicators speak to liquidity. When commenting they need to mention the actual financial indicator e.g. current ratio), the figures/ratio/% and the trend from the previous cear. They should provide a general comment judging whether iquidity is satisfactory or not.

Learners need to know which financial indicators to quote when discussing loans.

earners should know which financial indicators to quote when iscussing the earnings of the shareholders.

Questions 2, 3 and 4 require higher-order thinking skills

Learners are expected to compare the share price to the NAV.

(4)

and explain whether you would be prepared to buy shares in this company.

6.	Audi	lors' Report		
	6.1	Who are the independent auditors of this company?	(1)	ŧ.Ľ
	6.2	What type of report has the independent auditors given this company?	(1)	0 1
	6.3	Are the independent auditors satisfied with the financial statements of this company? Briefly explain.	(2)	(
	6.4	Briefly explain how the role of the internal auditor differs from that of the independent auditor.	(2)	H. L.
	6.5	Why is it important for an independent auditor to belong to a professional body like SAICA?	(2)	пΤ
7.	Direc	tors' Report & Corporate Governance		
	7.1	Identify the points mentioned in the formal Directors' Report, and explain why these points are significant to the readers of the annual report.	(4)	re st
	7.2	Explain what is meant by good corporate governance, and explain the evidence that exists in the annual report that this company is committed to good corporate governance. Mention TWO points.	(6)	
	Comi you a	nent on any other aspect of the annual report that would be significant to s a potential shareholder in this company.	(3)	

Learners need to know the format of the audit report and where to find the information.

Learners need to understand the different audit reports and when each of these are applicable.

Learners need to understand the difference between internal and independent auditors and the role that each of these play.

The role of professional bodies like SAICA is important and learners need to understand why independent auditors belong to such a body.

The Directors' Report is an important part of the published financial statements. Learners need an understanding of the information such reports would contain and why.

### NAME OF LEARNER:

### NAME OF SCHOOL: \_\_\_\_\_

### **RUBRIC FOR ASSESSMENT OF PROJECT**

1. Calculation of financial indicators. MEMO TO BE DONE BY TEACHER

(12)

2. Comment on liquidity, with evidence.

3 marks	2 marks	0-1 mark
Excellent explanation of	Good explanation of two	Poor or incorrect
three valid indicators.	valid indicators / Fair explanation of three	explanation of indicators.
	indicators.	

3. Comment on loans, gearing and risk, with evidence.

4 marks	3 marks	2 marks	0-1 mark
Excellent	Good explanation	Partially good	Poor or incorrect
explanation of	of ROICE and	answers	explanation of
ROTCE and	comparison to	explaining	indicators.
comparison to	interest	ROTCE or D/E	
interest	rate/gearing, plus	ratio.	
rate/gearing, plus	good explanation of		
excellent	D/E ratio and risk.		
explanation of D/E			
ratio and risk.			

4. Comment on % return, earnings and dividends, with evidence.

6 marks	4-5 marks	2-3 marks	0-1 mark
Excellent	Good explanation	Partially good	Poor or incorrect
explanation of	of ROSHE, DPS &	answers	explanation of
ROSHE, DPS &	EPS.	explaining	indicators.
EPS, and		ROSHE, DPS &	
comparison of DPS		EPS.	
to EPS.			

5. Explain what is mentioned in the annual report about the share price on the JSE, and explain whether you would be prepared to buy shares in this company.

4 marks	3 marks	2 marks	0-1 mark	
Excellent	Good explanation	Partially good	Poor or incorrect	
explanation of share	of share price, and	answers	explanation of	
price, with insight,	comparison to	explaining share	share price.	
and comparison to	NAV.	price and NAV.		
NAV.				

Audito	ors' Report					
6.1	Who are the indepe	ndent auditors of thi	is company?			
	MEMO TO BE DO	MEMO TO BE DONE BY TEACHER				
6.2	What type of report	t has the independen	t auditors given this	s company?		
	MEMO TO BE DO	NE BY TEACHER				
6.3	Are the independent	nt auditors satisfied	with the financial	statements of this		
	company? Briefly	explain.				
	<u>  MEMO TO BE DO</u>	NE BY TEACHER				
6.4	Briefly explain how	w the role of the int	ernal auditor differ	rs from that of the		
	independent auditor	ſ.				
	Good explanation =	2 marks; Satisfacto	ry = 1 mark; Incorr	rect = 1 mark		
6.5	Why is it importan	t for an independen	nt auditor to belong	g to a professional		
	body like SAICA?					
	Good explanation =	2 marks; Satisfacto	ry = 1 mark; Incorr	rect = 1 mark		
Direct	tors' Report & Corpora	ate Governance				
71	Identify the points	mentioned in the fo	ormal Directors' R	eport and explain		
, <b></b>	why these points are significant to the readers of the annual report					
	MEMO TO BE DONE BY TEACHER					
7.2	Explain what is me	ant by good corpora	te governance:			
	Good explanation =	= 2 marks: Satisfacto	rv = 1 mark: Incorr	ect = 1 mark		
	Explain the exiden	as that axists in the	annual report the	t this company is		
	committed to good	corporate governance	re Mention TWO r	n uns company is		
	committed to good	corporate governant		onnts.		
	4 marks	3 marks	2 marks	0-1 mark		
	Two appropriate	Two appropriate	One appropriate	Poor or no		
	points identified,	points identified,	point identified,	valid		
	with good	with reasonable	with reasonable	explanation.		
	explanation of	explanation of	explanation of			
		ralavanca to	relevance to			
	relevance to					
	relevance to corporate	corporate	corporate			

Excellent explanation of a	Good explanation of a	Poor or no explanation of
1	o o o a chip handho i o i a	1 001 01 no explanation of
relevant and significant re	relevant and significant	a relevant and significant
aspect. as	aspect.	aspect.

TOTAL MARKS: 50

### ACCOUNTING GRADE 12 CASE STUDY: TERM 3

### MARKS: 50 DURATION: 1 HOUR

### TOPIC: BUDGETING AND MANUFACTURING

### QUESTION 1 BUDGETING

(25 marks; 25 minutes)

Comfy Sofa is a business operating in Parys in the Free State. They sell one type of sofa/couch for cash and on credit. The business has been in operation for six years. Until September 2016 it has been the only business in Parys selling sofas.

On 1 October 2016, a competitor opened a store in Parys that sells a variety of sofas operating on a cash basis only.

You are presented with the projected and actual figures for Comfy Sofa for September and October 2016. The owner, Charles Comfortable, is very concerned with the results reflected in the October figures, particularly the negative cash balance at the end of October 2016. He has asked you to assist him in analysing the results and finding a solution to his cash problem.

### **REQUIRED**:

1. Refer to the Projected Income Statement to calculate the following:

1.1.1	The projected mark-up %	(2)
4 4 0		

- 1.1.2The mark-up % achieved in October 2016(2)1.1.3% operating profit on turnover achieved in October 2016(2)
- 2. The owner has realised that the competitor has negatively impacted on his business.
  - 2.1 Comment on how the new competitor has affected the sales of Comfy Sofa. Provide TWO points with figures to support your answer. (4)
  - 2.2 Explain how Comfy Sofa has responded to this problem.Provide THREE points with figures. (6)
- 3. The owner requires your opinion on certain matters.
  - 3.1 Comment on the control over bad debts. Provide figures to support your comment. (4)

3.2	Explain why the owner should be concerned about the cash balances. Provide figures to support your opinion.	(2)
3.3	Provide THREE ways in which the owner can improve the cash balance in future.	(3)

### **INFORMATION:**

### A. GENERAL INFORMATION:

- The business budgets on selling 450 sofas per month.
- The stock of sofas is replaced in the month of sale.
- Suppliers are paid in the month of purchase.
- The owner withdraws R30 000 cash every month. In October his family went on a holiday overseas and he increased his cash withdrawal to R65 000.

### **B.** Extract from the Cash Budget:

	SEPTEMBER 2016		OCTOBER 2016	
	PROJECTED	ACTUAL	PROJECTED	ACTUAL
Cash surplus (deficit) for month	176 000	200 000	192 000	(704 000)
Cash at beginning of month	168 000	170 000	344 000	370 000
Cash at end of month	344 000	370 000	536 000	(334 000)

**C.** Extract from the Projected Income Statement:

	SEPTEMB	SEPTEMBER 2016 OCTOBER 201		R 2016
	PROJECTED	ACTUAL	PROJECTED	ACTUAL
Number of sofas sold	450 sofas	560 sofas	450 sofas	380 sofas
Cash sales	1 920 000	2 480 000	1 920 000	460 000
Credit sales	480 000	520 000	480 000	1 440 000
Total sales	2 400 000	3 000 000	2 400 000	1 900 000
Cost of sales	(1 440 000)	(1 800 000)	(1 440 000)	(1 187 500)
Gross profit	960 000	1 200 000	960 000	712 500
Operating expenses	(497 500)	(521 500)	(540 580)	(675 450)
Sundry expenses	125 000	125 000	137 500	185 000
Salaries and wages	58 000	58 000	63 800	63 800
Advertising	16 000	16 000	17 000	51 000
Delivery costs	0	0	0	272 000
Depreciation	6 500	6 500	25 000	25 000
Rent expense	44 000	44 000	49 280	54 650
Bad debts	8 000	12 000	8 000	24 000
Operating profit	462 500	678 500	419 420	37 050

### QUESTION 2 MANUFACTURING

### (25 marks; 35 minutes)

You are provided with information relating to Ace Clothing for the year ended 31 October 2016.

The owner of the business is Andy Ace. The business consists of two factories operating independently in different parts of the town, each with their own factory foreman/manager.

One of the factories produces Ace Blazers and the other produces Ace Tracksuits. Andy has compared the profit he has earned over the past two years (2016 and 2015) and has found that it has increased by more than R400 000. However, he is still not satisfied with the results as he has invested a lot of his personal capital in the business.

### **REQUIRED**:

- 2.1 Provide two reasons, each with calculations, to explain the increase in the direct labour cost of producing blazers. Provide two points of advice to Andy.
- 2.2 Andy does not know how to calculate the break-even point. Give the workings to prove that the 2016 break-even point of 10 095 units for blazers is in fact correct. (4)
- 2.3 Comment on the changes in units of blazers and tracksuits produced in comparison to the break-even points for the past two years. Quote figures to support your answer. (4)
- 2.4 Refer to Information A (v.) for the decision taken in respect of blazers.
  - Calculate the % increase in the selling price of blazers.
  - Explain whether or not this has benefited the business.
- 2.5 Consider the Information A (vi.) for the decision taken in respect of Ace Tracksuits as well as all costs associated with the tracksuits.
  - Explain how this decision led to changes in the variable and overhead costs relating to Ace Tracksuits. Quote / calculate figures for the changes and provide possible reasons for the changes.
  - Explain whether the selling price of the tracksuits is appropriate or not. Quote figures. (2)

### **INFORMATION:**

### A. Background information:

- i. The inflation rate has been 6% for the past two years.
- ii. Andy currently pays a fixed annual salary of R381 600 to each factory foreman/manager. This represents a 6% increase on the 2015 figure.
- iii. The factory premises are rented at a fixed monthly rental. This also increased in line with inflation from the beginning of the financial year.
- iv. Andy allows his factory foremen/managers to make decisions relating to their factories, but their decisions have to be approved by him.
- v. Gerry, the factory foreman/manager of Ace Blazers, was pleased that blazers sold well in 2015. A decision was made to adjust the price of blazers significantly in 2016.

(6)

(3)

(6)

- vi. Ayanda, the factory foreman/manager of Ace Tracksuits, felt that they should produce better quality tracksuits as other firms in town were producing only cheaper tracksuits. A decision was made to improve the design and fabric of the tracksuits in 2016, and to rent extra floor space for the factory.
- **B.** The accountant has identified the following information:

Manager / foreman:	ACE BLAZERS Gerry		ACE TRACKSUITS Ayanda		
General information:	2016	2015	2016	2015	
Total fixed costs (factory overhead & administration costs)	R1 484 000	R1 400 000	R1 900 000	R1 400 000	
Net profit	R103 600	R490 000	R1 138 000	R528 500	

### Variable costs per unit:

Direct material costs per unit	R91,00	R95,00	R168,00	R110,00
Direct labour costs per unit	R88,00	R74,00	R80,00	R93,00
Selling & distribution costs per unit	R24,00	R16,00	R12,00	R12,00
Total variable costs per unit	R203,00	R185,00	R260,00	R215,00

### Additional information / calculations:

Selling price per unit charged by Ace Clothing	R350,00	R290,00	R358,00	R348,00
Selling price of competitors	R300,00	R290,00	R205,00	R220,00
Number of units made and sold	10 800	18 000	31 000	14 500
Break-even point	10 095	13 333	19 388	10 526

25

TOTAL MARKS: 50

### ACCOUNTING GRADE 12 CASE STUDY: TERM 3

### TOPIC: BUDGETING & MANUFACTURING

DURATION: 60 minutes Marks: 50 marks

NAME OF LEARNER:

NAME OF SCHOOL:

	MAXIMUM MARKS	MARKS AWARDED
QUESTION 1: BUDGETING	25	
QUESTION 2: MANUFACTURING	25	
TOTAL MARKS	50	

### QUESTION 1 BUDGETING

1.1 Refer to the Projected Income Statement to calculate the following:



- 2. The owner has realised that the competitor has negatively impacted on his business.
  - 2.1 Comment on how the new competitor has affected the sales of Comfy Sofa. Provide TWO points with figures to support your answer.

	Explain hov THREE poir	w Comfy Sofa has responded to this problem. Provide nts with figures.	
	Point 1		
	Point 2		
	Point 3		
<b>۱</b> '			

3. The owner requires your opinion on certain matters.

3.1	Comment on the control over bad debts. Provide figures to support your comment.	
		4
3.2	Explain why the owner should be concerned about the cash balances. Provide figures to support your opinion.	
		2
3.3	Provide THREE ways in which the owner can improve the cash balance in future.	
		3

TOTAL
25

### QUESTION 2 MANUFACTURING

# 2.1 Provide two reasons, each with calculations, to explain the increase in the direct labour cost of producing blazers. Provide two points of advice to Andy.

	Reason 1	Reason 2
Explanation		
Calculation		
Advice		

6	6	

2.2 Andy does not know how to calculate the break-even point. Give the workings to prove that the 2016 break-even point of 10 095 units for blazers is in fact correct.

4	

2.3	Comment on the changes in the units produced in comparison to the break-
	even points for blazers and tracksuits for the past two years. Quote figures to
	support your answer.

	Explanation with figures	
Blazers		
Tracksuits		

2.4	Refer to Information A (v.) for the decision taken in respect of blazers.	
	Calculate the % increase in the selling price of blazers.	
	Explain whether or not this has benefited the business.	
		3
2.5	Consider the Information A (vi.) for the decision taken in respect of Ace Tracksuits as well as all costs associated with the tracksuits.	
	Explain how this decision led to changes in the variable and overhead costs relating to Ace Tracksuits. Quote / calculate figures for the changes and provide possible reasons for the changes.	
	Explain whether the selling price of the tracksuits is appropriate or not. Quote figures.	
		8

TOTAL
25

### ACCOUNTING GRADE 12 CASE STUDY: TERM 3 MEMORANDUM MARKS: 50

### QUESTION 1 BUDGETING

### Marks: 25

1.1 Refer to the Projected Income Statement to calculate the following:

The projected mark-up % 1.1.1 960 000 Х 100 1 440 000 1 **=** 66,67% √√ 2 The mark-up % achieved in October 2016 1.1.2 712 500 x <u>100</u> 1 187 500 1 2 1.1.3 % operating profit on turnover achieved in October 2016 37 050 Х 100 1 900 000 1 = 19,5% <br/> 2

- 2. The owner has realised that the competitor has negatively impacted on his business.
  - 2.1 Comment on how the new competitor has affected the sales of Comfy Sofa. Provide TWO points with figures to support your answer.
    Two valid points √√ √√
    Possible responses:

    Cash sales only 24% of projected amount
    Total sales (R1 900 000) less than projected (R2 400 000)
    Gross profit (R712 500) less than projected (R960 000)
    Number of sofas sold (380) less than projected (450)

2.2	Explain ho THREE poi Explanation	w Comfy Sofa has responded to this problem. Provide nts with figures. s: $\checkmark$ $\checkmark$ $\checkmark$ Figures $\checkmark$ $\checkmark$ $\checkmark$
	Point 1	They increased credit sales (R480 000 was budgeted but R1 440 000 was sold on credit).
	Point 2	They improved their service by offering the delivery service to customers at no charge (Budgeted 0 but spent R272 000).
	Point 3	They increased their advertising expenses to R51 000 (Budgeted R17 000)

### 3. The owner requires your opinion on certain matters.

# 3.1 Comment on the control over bad debts. Provide figures to support your comment.

Excellent answer with figures = 4 marks; Good = 3 marks; Satisfactory = 2 marks; Partly right = 1 mark; Poor/Incorrect = 0 marks

Credit sales exceeded projections by 8,3% in Sept, and by 200% in Oct. Bad debts exceeded projections by 50% in Sept and by 200% in Oct.

Increased credit sales will lead to an increase in bad debts. However, the full effect might only be felt in the months following the credit sales. It is a concern that the bad debts exceeded projections in September already. The reasons need to be investigated (i.e. poor screening / incorrect budgeting).

4

2

6

# 3.2 Explain why the owner should be concerned about the cash balances. Provide figures to support your opinion.

They projected a cash balance of R536 000 at the end of October 2016. They experienced a bank overdraft of R334 000 at the end of October. If this trend continues, the overdraft will get bigger.



```
Three valid points \checkmark \checkmark \checkmark
Possible responses:
```

Encourage debtors to pay faster

- Revisit the decision of free delivery to clients
- Limit cash withdrawals as the business cannot afford it
- Consider introducing a partner to raise capital
- Consider renting cheaper premises (rent increased by 24,2%)
- Negotiate longer credit terms with suppliers



### QUESTION 2 MANUFACTURING Marks: 25

# 2.1 Provide two reasons, each with calculations, to explain the increase in the direct labour cost of producing blazers. Provide two points of advice to Andy.

	Reason 1	Reason 2
Explanation	Inflation ✓	Inefficiency √
Calculation	6% of R74,00 = R4,44 √	R14,00 – R4,44 = R9,56 ✓ i.e. 12,9% due to inefficiency <b>OR</b> : 14 ÷ 74 x 100 = 18,9% Less 6% inflation = 12,9%
Advice	Maintain inflationary increases as it is fair and the employees will expect it. ✓	Train the workers to be more efficient / Supervise factory staff more closely. ✓

### 2.2

2.3

Andy does not know how to calculate the break-even point. Give the workings to prove that the 2016 break-even point of 10 095 units for blazers is in fact correct.

 $\checkmark\checkmark$ 

 $\checkmark$ 

 $\checkmark$ 

 $= \frac{1\,484\,000}{350-203} = \frac{1\,484\,000}{147} = 10\,095$ 

6

Comment on the changes in the units produced in comparison to the break-even points for blazers and tracksuits for the past two years. Quote figures to support your answer.

	Explanation with figures
Blazers	<ul> <li>✓✓</li> <li>In 2016, they produced only 705 units (7%) more than BEP compared to 4 667 units (35%) in 2015.</li> <li>OR</li> <li>The BEP decreased from 13 333 to 10 095 (by 3 238 units / 24% decrease) while units produced decreased (at a greater rate) from 18 000 to 10 800 (by 7 200 units / 40% decline).</li> </ul>
Tracksuits	<ul> <li>In 2016, they produced 11 612 units (60%) more than BEP compared to 3 974 units (38%) in 2015.</li> <li>OR</li> <li>The BEP increased from 10 526 to 19 388 (by 8 862 units / 84%) while units produced increased (even more) from 14 500 to 31 000 (by 16 500 units / 114% improvement).</li> </ul>

.4	Refer to Information A (v.) for the decision taken in respect of blazers.	
	Calculate the % increase in the selling price of blazers.	
	60 ÷ 290 x 100 = 20,7% √√	
	Explain whether or not this has benefited the business.	
	The business has not benefited because sales dropped from 18 000 units to 10 800 <b>OR</b> sales decreased from R5,22m to R3,78m (or R1,44m or 28%) <b>OR</b> net profit decreased from R490 000 to R103 600 (or R386 400 or 79%) $\checkmark$	3
2.5	Consider the Information A (vi.) for the decision taken in respect of Ace Tracksuits as well as all costs associated with the tracksuits.	
	Explain how this decision led to changes in the variable and overhead costs relating to Ace Tracksuits. Quote / calculate figures for the changes and provide possible reasons for the changes.	
	<ul> <li>The better-quality fabric resulted in DMC increasing by R58 per unit (53%). ✓ one mark for comment with figures</li> <li>The workers have been more efficient, possibly because the better-quality fabric is easier to use; this is a saving of R13 per unit (or 14%). ✓ one mark for comment with figures</li> <li>Higher rent and salaries led to an increase of R500 000 in fixed costs. ✓ one mark for comment with figures</li> <li>However, economies of scale benefited the business ✓ as the increase in production and sales means that fixed costs per unit have dropped from R97 ✓ to R61 ✓ per unit. one mark for comment; two marks for figures</li> </ul>	
	Explain whether the selling price of the tracksuits is appropriate or not. Quote figures.	
	The small increase of only R10 (or 2,8%), together with the higher quality led to increased sales by 16 500 units. With the high increase in fabric cost (R58 per unit), the R10 increase is probably too low.	
	Customers obviously think that the low increase of R10 is very attractive as sales have increased by 16 500 units for a product of high quality, so the price should be maintained.	
	Prices charged by competitors are R153 lower, but customers obviously appreciate the better quality of the Ace tracksuits.	8



### TOTAL MARKS: 50

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